



**Transelectrica®**

Societate Administrată în Sistem Dualist

## **Non-financial Consolidated Report 2018**

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### **Statement of responsible persons**

The information provided in the 2018 Non-financial Consolidated Report, elaborated in accordance with the provisions of European Directive 2014/95/EU transposed in the Romanian legislation by Ministry of Public Finance's Order no. 1938 of 17 August 2016, provides accurate image consistent with true facts about the non-financial aspects, part of performed activities that impact the Group's development and sustainability.

This report provides only the new issues compared to the 2017 Sustainability Report, issues coming out from the detailed non-financial activities of subsidiaries Co. Electricity and Natural Gas Market Operator OPCOM SA, Co. FORMENERG SA, Company of Maintenance Services of the Electricity Transmission Grid Smart SA and Company of Telecommunication and Information Technology Services to Electricity Transmission Grids TELETRANS SA.

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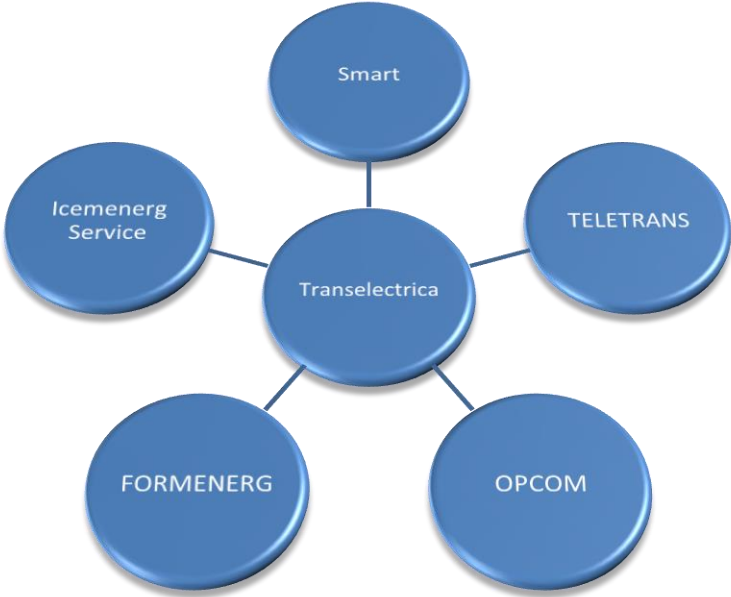
# 1. General presentation

As of the date of this report Transelectrica includes five subsidiaries, as follows:

- Trading Company Electricity and Natural Gas Market Operator OPCOM SA (hereinafter OPCOM SA);
- Trading Company for Maintenance Services in the RET SMART SA (hereinafter SMART);
- SC FORMENERG SA (hereinafter FORMENERG);
- SC TELETRANS SA (hereinafter

Consequently, only the three important companies of the Group will be taken into consideration further, except for this presentation section.

It should also be mentioned that this consolidated non-financial report provides only the new items compared to the 2017 Sustainability Report, which come out when detailing the non-financial issues specific to Opcom, Smart and Teletrans. At the same time the detailing level of information provided for each company separately is directly proportional with the company size and the extent of its activities, as against the topic under



- TELETRANS);
- ICEMENERG SERVICE SA (hereinafter ICEMENERG-SERVICE SA).

Only three of them (Opcom, Smart and Teletrans) are included in the consolidated non-financial report of the Group. Formenerg and Icemenerg Service have not been taken into consideration since their impact is deemed insignificant, being also omitted from Transelectrica’s annual consolidated reports.

discussion.

**• OPCOM SA**

OPCOM, established according to GD 627/2000, is a subsidiary where Transelectrica owns 97.84% of shares. The Company’s mission is to provide a structured framework to conduct commercial electricity transactions.

#### • **Smart SA**

SMART was established according to GD 710/2001 as subsidiary that Transelectrica owned entirely at first, by reorganising certain Company activities. The subsidiary's portfolio includes reviews and repairs to primary and secondary equipment of electricity networks, including preventive measurements, repair of incidents to electrical installations, provision of energy services. Currently, Transelectrica owns 70.005% of SMART shares.

#### • **FORMENERG SA**

FORMENERG engages in personnel training in the energy sector, namely initiation, qualification, refresher courses, specialisation, re-qualification in various domains. As a secondary core activity, FORMENERG SA provides accommodation services in its own Hostel, authorised by the National Tourism Authority as a 3-star hostel (\*\*\*) by the Classification Certificate 9596/6526 of 19.02.2018, both for its own trainees and for tourists, having contractual relations with different beneficiaries and travel agencies.

The company was established on 21 March 2002 as subsidiary owned 100% by Transelectrica.

#### • **TELETRANS SA**

TELETRANS is the main provider of communication and IT services, providing specific services for CNTEE Transelectrica SA and the telecommunication market. The main categories of services provided are:

- IT services, which consist in the administration and maintenance of the company's IT systems (data collection through RTU or CCP, EMS / SCADA system, tele protection, ENTSO-E node, balancing market).

- Telecommunication services which primarily serve the activity of the System Operator - National Dispatch Centre (process information data related transmissions, operative telephony) and provide the communication infrastructure (data - voice) related to the managerial activities of CNTEE TRANSELECTRICA SA, as well as other IT systems;
- IT services that provide the full range of administration, maintenance, cyber security, Internet, networking related to all IT systems that are not part of the process information category.

#### • **ICEMENERG SERVICE SA**

In 2004 Governmental Decision 2294/2004 on the reorganisation of the National Power Grid Company Transelectrica SA and of Company Icemenerg Service SA by absorption merger, approved reorganising ICEMENERG SERVICE as subsidiary of Transelectrica, fully owned by it. ICEMENERG SERVICE manufactures instrumentation for electricity distribution and control. At present, the company is under bankruptcy procedure. On 31.12.2017 the company's special administrator was Mr Nicolae Dula, while the judiciary administrator was Solvendi SPRL.

## **2. Brief description of the entity's business model**

### **Smart SA**

SMART's main activity is the repair of electrical equipment according to the CAEN code 3314.

Such code includes activities relating to the design and manufacture of electrical installations; making reviews, repairs and remedies of incidents to primary and



secondary equipment from 0.4 kV – 750 kV electric networks; provision of energy services; micro-production of electrical equipment;

SMART also carries out other activities such as:

- Technical expertise, diagnosis and analysis;
- Configurations, controls and parameter setting for command-control systems;
- Refurbishment and modernisation of electrical substations and overhead lines;
- Live work;
- Rehabilitating the transformer insulation;
- Special measurements;
- Design, consultancy and assistance, etc.

SMART has designed, documented and implemented an Integrated Management System for quality, environment, labour security and health in accordance with the requirements of the following reference standards:

- ISO 9001:2015 “Quality management systems; Requirements” - for quality;
- ISO 14001:2015 “Environmental management systems; Specifications and utilisation guide” - for environment;
- OHSAS 18001:2007 “Occupational health and security management systems”- for labour security.

The Integrated quality-environment-labour security & health Management System has been certified by SRAC and IQNet.

Smart SA is authorised by CNCAN to provide services for nuclear installations and construction-assembly activities. It is certified by the National Regulatory Authority for Energy for all types of works subject to certification. It owns authorisations issued by MAI-IGSU for the installation and maintenance of fire-

fighting systems and limitation installations, except those containing certain fluorinated greenhouse gases; installation and maintenance of signals, alarms and fire alarm systems and installations; design of signals, alarms and fire alarm systems and installations. Smart SA owns a RENAR accredited multi-site trial laboratory.

### **FORMENERG SA**

FORMENERG SA is the leading provider of personnel training in Romania’s energy sector, with a 48 year-experience in this field of activity and, in recent years, it has expanded both its customer portfolio and the service range, currently offering over 300 courses in various fields: MBA, management, marketing, finance, accounting, legislation, informatics, quality, environment, occupational health and safety, construction, energy strategy, communication, human resources, energy sector specific courses.

This organisation functioned until 1990 within the Ministry of Electricity under the name of the Workers’ Training Centre, its core activity being the improvement of the professional training of all the employees in the National Power System.

The main courses authorised by ANC, which FORMENERG SA offers to a large number of beneficiaries are: Public Procurement Expert - prepares people for the job of Public Procurement Expert (COR code 241940); Project Manager - prepares people for the job of Project Manager (COR Code: 241919); Trainer - prepares people for the job of Trainer (COR Code 241201); Entrepreneurial Skills - Key skills of several jobs in this field; Social and Civic Skills - key skills of several jobs in this field; Human Resources Manager - prepares people for the job of human resources manager (COR code 123207) etc.

FORMENERG SA offers its own clients integrated services: training and accommodation - thus facilitating customer access to the training service.

### **OPCOM SA**

OPCOM operates in accordance with the provisions of the Electricity and natural gas law 123/2012, with later amendments and additions, of Law 220/2008 establishing the promotion system for electricity generation from renewable energy sources, with later amendments and additions, with the licences granted by the National Regulatory Authority for Energy, namely Licence 407 (revision 3/2015) and Related conditions for the administration of centralised electricity markets, Licence 2270/2018 and Related conditions for the administration of centralised natural gas markets and with the secondary legislation issued and approved by the Competent Authority, the Regulation of organisation and operation of OPCOM and the other regulations, codes, procedures and internal guidelines of OPCOM.

OPCOM's activity and development take place so as to provide the company's achievement of the objectives and responsibilities assigned to it by the governmental plan, the national energy strategy, the governmental memorandums and decisions, the covenants assumed by the Romanian State against international financial institutions. At the same time, the activity and development of OPCOM agree with the provisions of the European legislation of proper applicability for its role and responsibility.

The main activities conducted by OPCOM are: organising, administrating and supervising the centralised electricity markets, administrating and supervising the centralised natural gas market, Green Certificates Market organiser, and administrator of the Centralised Market for Green Certificates, the Bilateral Contracts

Green Certificates Market, the Spot Anonymous Centralised Green Certificates Market, the Future Anonymous Centralised Green Certificates Market and the Green Certificates Register.

OPCOM SA supervises the operation of the administered markets and reports to ANRE, organises and manages the reporting to ACER in accordance with REMIT, collects and publishes market statistics, according to the legal provisions in the domain.

At the same time OPCOM SA is Power Market Operator designated by ANRE to perform tasks related to the coupling of the day-ahead markets and intraday markets and get involved in the European efforts dedicated to the establishment of a single power market, European cooperation and projects.

### **TELETRANS SA**

TELETRANS operates a transmission infrastructure relying on NZ-DSF (ITU-T G665) optical fibre support, included in the protection conductors of 220 kV and 400 kV overhead lines (OPGW).

The geographical coverage of this infrastructure is national, being about 5,000 km long, with more than 150 transmission nodes and access to the optical fibre network, being present in 35 county capitals, with cross-border connections in the region (Hungary, Bulgaria and Serbia) and a structured network. This network is extending both by new links due to the new transformer substations and by new cross-border connections to be built in the future (with the Republic of Moldova and Turkey).

At present TELETRANS operates two data networks:

- A SDH backbone of about 5,000 km and national coverage, having redundant topology with 9 rings, dedicated to services for Transelectrica;

- A DWDM&IP/MPLS backbone of about 4,000 km, national coverage, of redundant topology with 4 rings. This network is the property of TELETRANS; it was designed and built by the specialists from TELETRANS, being dedicated to market services.

The most part of TELETRANS activity consists in the provision of IT&C services for Transelectrica - above 80% of the company's turnover, the other 20% being the provision of services for other customers, generically called "third party clients".

### **3. Policies adopted to reach company objectives**

#### **Smart SA**

SMART would like to consolidate its position on the service markets in the electrical installations domain, also including those in the nuclear sector, both internally and externally, by means of activity diversification.

To this effect, the top management establishes every year the company's SIM Policy as an integral part of the general strategy which aims at planned, efficient and sustained activities, targeted towards the operation of the integrated management system within its entire structure and all its activities, including the economic ones. The policy establishes the general objectives, which specific objectives are derived from, being determined by the organisational entity. These are measurable and feasible, so that their achievement can be easily assessed. Such objectives are assessed during the annual "management analysis" meetings. Following such reviews results a new plan of objectives, as well as a schedule to improve activities.

The priority objective and permanent concern of each employee is to satisfy the requirements and expectations of our customers, executing high quality work, under safety, promptness, efficiency

terms, while protecting the environment and providing labour security and health for personnel, both in order to retain the confidence of current clients and to gain potential ones.

#### **OPCOM SA**

a. OPCOM's 2018-2020 overall development strategy

The overall development strategy for 2018-2020 of OPCOM relies on the following general principles:

i. Carrying out the necessary actions in order to achieve OPCOM's mission to provide the reference electricity prices and the signals of future prices for electricity and natural gas, meant to enhance the general transparency and integrity of Romania's wholesale electricity market, supporting the market liberalisation process and its integration in the single European market.

ii. Developing those market mechanisms used in order to transact electricity, natural gas and associated market products, as well as improving the current market mechanisms for all transaction time horizons, so that they can sustain the objectives of national energy strategies, as they are established in the specific national legislation.

iii. Integrating electricity in the European single market mechanisms, an objective for which OPCOM, together with the other national entities involved, should undertake the necessary steps to implement the provisions of European legislation and decisions dedicated to the creation and operation of the single European power market, including participation in bilateral, regional and pan-European cooperation processes dedicated to the coupling of power markets on the day-ahead and intraday cross-border horizons.

iv. Continuing the corporative, technical and technological development so that OPCOM can permanently, reliably



and safely perform the responsibilities devolving to it in accordance with the legislation and in full conformity with the provisions from the national primary and secondary legislation and from the European applicable legislation, while also supervising the harmonisation of its own development process with the commercial evolution of market mechanisms, its trends and risks, as well as the market maturity level.

v. Continuing to apply the modern management measures under higher quality terms and providing company administration while fully observing the applicable legislation under efficient effective terms.

vi. Furthering the corporative development in view of maintaining the stable sound company operation, while achieving all its responsibilities at high continuity and performance levels and providing efficient implementation of development programmes.

a. Quality policy and the general objectives in the quality domain

OPCOM focuses all its efforts and resources to provide qualitative activities, to which effect the company decided to maintain operational the Quality Management System at designed updated parameters, as an integral part of its business.

Principles used in the company policy from the quality domain:

- Complying with the primary and secondary legislation as well as with the requirements of competent authorities;
- Permanent improvement and diversification of services provided to market participants;
- Defining and updating the responsibilities under the quality system management;
- Tailoring and increasing the personnel training in view of

achieving their tasks and attributions in accordance with the responsibilities defined by applicable regulations;

- Analysis and implementation of opportunities to improve the activity resulting from internal and external audits and other quality insurance check-ups;
- Permanently assessing the results of the Quality Management System and the compliance with the policy in the quality domain;

b. Security policy and the strategic security objectives

OPCOM permanently aims at carrying out its responsibilities on the national and European electricity and natural gas markets, while providing the security of information at the highest standards by implementing and operating an Information Security Management System in full conformity with ISO 27001:2013 international standard, continuously monitoring the organisation's improvement and certification.

OPCOM is aware that the attributes of the Information Security Management – confidentiality, integrity and availability – constitute integrant parts of managerial functions. OPCOM management considers such attributes as main fundamental responsibilities for the good organisational practice regarding application of proper security measures, tailored to the other requirements from the ISO 27001:2013 international standard.

OPCOM will take action to:

- Comply with primary and secondary legislation as well as with the requirements of the competent authorities.
- Continuously improve information security in the context of services provided to participants in the administered markets.

- Analyse and implement continuous improvement opportunities, including the implementation of risk assessment and management strategies, effectively using management resources to best meet the requirements of Information Security.
- Establish and communicate security objectives and accomplishments obtained following their achievement in the organisation.
- Implement and maintain an Information Security Management System that provides clearly defined Information Security directions, guidelines, and responsibilities in relation to its own personnel, customers, suppliers and stakeholders that come into contact with the organisation.
- Adopt a proactive attitude in future business decisions, including the ongoing review of the results of the Information Security Management system's operation.
- Training and awareness for the personnel according to the needs and responsibilities arising from the Information Security Management System.

Responsibility to sustain and enforce this policy lies with the entire organisation, under the guidance and support of top management, which encourages the commitment of all personnel to approach Information Security as part of their professional skills.

OPCOM's 2018 strategic information security objectives were as follows:

- Safe efficient administration of centralised markets by means of services placed at the disposal of participants on the respective market;

- Permanent monitoring, maintenance and improvement of SMSI and SMSI certification as per the international standard ISO/IEC 27001:2013;
- Integrating the new products and services placed at the disposal of market participants in the SMSI;
- Carrying out the RRM role according to REMIT;
- Increasing the confidence in SMSI of participants on managed markets and of OPCOM employees;
- Implementing measures to obtain compliance with GDPR and their integration in the SMSI;
- Maintaining a minimum (0) level of security incidents which involves confidential information;

#### **FORMENERG SA**

The activities of FORMENERG SA are carried out under the Integrated Quality - Anti-Bribery Management System and the Internal Managerial Control System (SCI/M).

FORMENERG SA policy provides the framework establishing, valuating and achieving general objectives and top management approves the objectives and takes the necessary steps to achieve them.

FORMENERG SA in the Quality and Anti-Bribery domains is adequate to the organisation's purpose, targeting image consolidation by means of qualitative services provided and by implementing, maintaining and improving an Integrated Quality - Anti-Bribery Management System in accordance with the requirements of standards SR EN ISO 9001:2015, SR ISO 37001:2017.

Top level management and all company employees are particularly open and their activity is focused so as to

permanently answer the clients' needs and to increase their satisfaction.

Top management of FORMENERG SA shows the concerns to provide and efficiently use the material and human resources with a view to fully satisfy clients and observe legal requirements.

They also commit to permanently improve the effectiveness of integrated management system and to provide clients' requirements, compliance with anti-corruption & anti-bribery legislation, and with other applicable regulations. The management encourages signals of good will concerns.

The main action lines for achievement of objectives in accordance with the policy of Formenerg SA aim at:

- Carrying out responsibilities in management system domain according to reference standard requirements;
- Executing services in accordance with clients' requirements, correlated with specific legal regulations for activity domains;
- Non-accepting compromise or derogations with respect to quality and integrity;
- Prompt efficient approach to complaints;
- Permanent training and qualification of personnel while also forbidding any corruption trend and providing awareness for the anti-bribery function's authority and Independence;

Integrant part of management, the Internal Managerial Control System (SCI/M) targets all managerial levels and activities and aims at reaching objectives (efficient effective operation of the public entity, reliability of internal/external information, compliance with internal laws, regulations and policies).

At FORMENERG SA level the SCI/M represents all the policies and procedures devised and implemented by the

management and personnel. SCI/M provides reasonable insurance about:

- Reaching objectives in economic, efficient effective mode;
- Compliance with internal and external rules;
- Protecting assets and information;
- Preventing and detecting frauds and errors;
- Compliance with the quality document standards;
- Providing in due time reliable information about the financial and managerial segments;
- Increasing organisational performance;

### **TELETRANS SA**

TELETRANS SA set four main strategic objectives, which will be achieved using a structure of operational objectives, strategies and actions provided below:

Strategic objective I: Providing all IT&C services necessary for the optimum performance of CNTEE Transelectrica SA activities in terms of the parent company's strategic profile and of dynamic interdependent domains like power & IT&C at national and European levels

Taking into account the developments of Romania's IT&C market and the specific conditions of its activities TELETRANS SA will further develop the service package provided to CNTEE Transelectrica SA. The 80% turnover percentage obtained from contracts with Transelectrica will be maintained in the near future and the parent company remains the most important client of TELETRANS SA.

The segment covered by TELETRANS SA – IT&C for the national infrastructure of electricity transmission and for system services means, according to present-day EU approaches, an infrastructure managed under specific conditions, which TELETRANS SA

assumed successfully in over 13 years' of service provisions to Transelectrica and other clients.

The service package provided to CNTEE Transelectrica SA will be continuously tailored depending on the parent company's objectives and projects where the expertise of TELETRANS SA can be used, beginning with the upgrade of EMS/SCADA for the balancing market up to providing information security for the critical infrastructure of CNTEE Transelectrica SA.

Strategic objective II: Increasing competitiveness on the national and regional IT&C market while maintaining the quality standards of provided services

Worldwide the evolution trends of the telecommunication sector include constant development of data traffic verticals and internet services, as component parts of complex offers meant to satisfy the particular customers' demands that are more and more interested in accessing data contents by means of electronic devices to a certain quality level, which means a certain speed and content.

Also the attention paid to information security has exponentially increased in companies, and in the context of new European laws such trend will be maintained generating consistent demand of information security services.

All these are opportunities to develop the service and client portfolio of TELTRANS SA, provided its offer gets adapted to the new market requirements both in qualitative terms and by providing complex services.

Strategic objective III: Higher productivity and quality of services

The essential condition to keep current clients and draw new ones in our portfolio is to preserve the assumed quality parameters and take the necessary steps

to find optimum solutions as regards their needs.

As far as providing tailored solutions is concerned, both in terms of technologic development and of market dynamics, a proper Investment / development programme will be elaborated and applied, as well as human resources' training and qualification in accordance with the highest standards of professional training in the domain. Greater attention will be also paid to promoting employees' involvement, initiative and creativity by implementing performance management.

Such an approach will be both reactive: supervising the SLA level to each client/service by identifying malfunction causes and applying possible corrective and improving measures, and proactive: preventive actions to maximise SLA level; applying redundant technical solutions for service provision.

Making investments as necessary in the technical infrastructure and human resource will lead in the short – midterm to higher revenues and implicitly productivity.

To render activities and managerial processes efficient the aim is to also update the managerial information solutions and the IT&C infrastructure and to implement workflow type information applications in order to supervise SLA provision to contracts in progress, watching orders etc., essential to streamline technical processes.

Strategic objective IV: Maintaining the profitability parameters

Service provision at optimum quality and continuity parameters was assumed and can be exclusively achieved under economic viability terms, certified by complying with the profitability coordinates, which characterised the activity of TELETRANS SA from the very beginning and are clearly regulated in the legislation applicable to the company.

In the reference period the turnover will be prevalingly determined by the value and diversity of services provided to the parent company, as there is constant concern to find technical solutions that best answer the development and efficiency needs of Transelectrica.

The turnover dynamics will be impacted (within a 20% margin) by the revenues from the segment of third party clients, partially conditioned by the continuity of the optical fibre contract.

Developing both components will depend on the achievement level of necessary investments.

Profit values will be managed by means of profit centres specific to the main activities, so that constant monitoring can be provided to expenditure levels and to the viable options to reduce them.

## **4. Risk management system**

### **Smart SA**

When the integrated risk management system is planned Smart SA takes into consideration the determining elements during its analysis on the organisational context and the stakeholders' requirements, thus determining risks and opportunities pertaining to:

- Relative risks in the operation of the Management System that can impact its intent outages;
- Elements and requirements determined during the analysis on the organisational context and stakeholders' requirements;
- Environmental aspects;
- Hazards associated to labour security and health;
- Compliance obligations;
- Other risks determined by organisational entities, resulting from their activities;

Smart SA has established a uniform framework to identify, analyse and manage the risks and opportunities pertaining to achieved objectives, environmental aspects and compliance obligations, requirements assumed during the analysis on the organisation's context, the stakeholders' requirements including those of the managerial control system described in the system procedure "Risk Management" code: SMART-PS-16.00.

There is within Smart SA a risk management team appointed by Director General's decision. A Risk register recording risks and keeping them under control has been structured by:

- Operational risks - resulting from basic activity, namely from operational processes;
- Environmental risks – identified during assessment of environmental aspect and impacts;
- SSM risks – identified during assessment of accident and professional illness risks;
- Other risks – resulting from the activities of organisational entities.  
Examples of detected risks:
- Incomplete identification of acceptance requirements for the procured product / service;
- Incomplete documentation in the work / service file provided by Smart SA teams or when writing offers;
- Association (during offering and execution contracting stages) with partners, subcontractors, service providers that subsequently do no longer comply with contractual requirements;
- Contract insufficiently examined; disadvantageous clauses might occur for the company;
- Great personnel fluctuations, loss of qualified employees;
- Using obsolete equipment;
- Fines, costs for cleaning the polluted areas because large amounts of

- harmful substances were spilled in the environment (electro insulating oil) – fire hazard;
- Failure to observe the compliance obligations when defects occur in the used water discharge installations to the drainage system;
- Risk of incompliance with the obligations, possible fines and additional costs for decontamination in case of accidental fuel leaks (gas oil, petrol) or other dangerous substances (good or used oil, paints, storage batteries acid from the test lab);
- Financial losses caused by late collection of payments for invoiced executed work, providing unsecured down payments to third parties;
- Higher cost of credits taken because of unfavourable social-economic conditions, with direct consequence over gross profit reduction;
- Exceeding the contractual costs with negative impact on the gross profit;

### **OPCOM SA**

Given the specific activities, a very important risk component that threatens the company's current operation is represented by the risks which might be generated by the provision of information security.

For the time being the main risks identified in the information security domain are as follows:

- Absence of proper space to provide continuity of OPCOM SA in case the main location (Blvd. Hristo Botev 16-18, Bucharest 3) becomes unusable after a major disaster. At present space has been allocated for this purpose in the building of Electric Substation Fundeni (com. Dobroiesti, Ilfov, str. Zorilor 69A), but it is insufficient for about 50-60 persons that might provide business continuity;

- Wrong application of the provisions from the Regulation regarding protection of personal data;
- Cyber-attacks, with increasingly complex methods;
- Wrong application of the provisions from Law 362/2018 on the provision of high common security levels for networks and information systems;

To deal with all of them OPCOM SA uses an Information Security Management System (SMSI) approved according to the provisions of ISO/IEC 27001:2013 standard ("Information technology; Security techniques; Information security management systems; Requirements") which also includes the risk management system. Information security risks have been assessed upon initiation of the SMSI (2015) and they are annually reevaluated or every time there is need; the SMSI compliance with 27001:2013 standard being recertified in 2018. The methodology used for assessment is taken from ISO/IEC 27005:2011 standard ("Information technology; Security techniques; Information security risk management"), and risk management processes include the following main stages:

- Risk identification;
- Risk analysis and assessment (consequences, event occurrence likelihood);
- Risk treatment (selection of security measures, Risk treatment plan);

In accordance with the provisions of ISO 9001:2015 standard and of Order 600/2018 of the Secretariat General on the application of the Internal managerial control code for public entities, the risks associated to the specific objectives of OPCOM SA in 2018 were assessed and treated.

The "Risk management methodology" was used to do this, as elaborated by the Secretariat General of the Government for the internal



managerial control of public entities, by transposing the provisions applicable to OPCOM SA in a working procedure.

Thus a company-wide Risk Register was constituted, which includes the risks specific for department objectives; such risks were assessed and a Plan of control measures was elaborated in order to treat them.

The implementation of risk control measures was reviewed in each department on the occasion of the internal audit on quality management performed in December 2018, and residual risks were assessed at the beginning of 2019.

To this effect the national fiscal legislation should take over the reverse taxation for natural gas deliveries in accordance with the Council Directive 2018/1695/EU of 6 November 2018 amending Directive 2006/112/EC on the common system of the value added tax as regards the application period of the optional reverse taxation mechanism for deliveries of certain goods and provisions of certain services, which are under fraud risks and the fast response mechanism in case of VAT frauds.

In the operation of centralised electricity / natural gas markets / green certificates managed by OPCOM SA there is the regulatory risk, because of the delayed enforcement of regulations by the National Regulatory Authority in the Energy domain and/or by ANRE's adoption of rules that can subsequently entail different interpretations by the participants on the respective markets and by ANRE and even lead to major difficulties and/or ANRE's determination of very short terms for OPCOM SA implementation of requirements from the regulatory framework approved or of amendments made in the existing regulatory framework, such ANRE approaches also leading to major difficulties for OPCOM SA in complying with its obligations, derived from the final

forms of published norms approved by ANRE.

To prevent such circumstances as much as possible OPCOM SA elaborates regulations necessary for the good operation of its centralised markets and actively participates to the improvement of the regulatory framework subjected to public consultation by elaborating and transmitting its observations / additions / amendments, as deemed necessary.

In accordance with applicable legislation accident and professional illness risks have been assessed in OPCOM SA (following which the company's risk level was determined at 2.97, which places the company in the category of entities with low accident risks) and prevention & protection measures were provided as necessary to treat such risks.

As regards the development projects / programmes performed by OPCOM SA in Europe, the following activities are carried out in order to provide viable participation of OPCOM SA: the institution's project portfolio is identified and established; project teams are determined by internal decisions to perform cooperation with the representatives of the other companies involved in multiple party European projects, including the management of, whenever all involved parties agree in this effect to the greatest extent possible, the juridical risk that a certain contract elaborated in European / regional context, is not recognised by the contractual party and consequently contractual obligations cannot be fulfilled. European projects also provide the regulatory risk, which involve the possibility of unpredictable changes in the regulations regarding the single European market. This might lead to circumstances when, even if preliminary technical documentations were rigorously prepared with a certain interpretation of a particular moment, the details regarding

some general phrases / requirements / clauses of European regulations can lead to different constructions and to the need to give up some directions, including additional expenses or costs which had already been incurred and cannot be recovered.

## **FORMENERG SA**

In FORMENERG SA there is a process to identify, analyse and manage risks and opportunities related to objective achievement, environmental aspects and compliance obligations. In accordance with Order 600/20.04.2018 of the Government's Secretary General approving the Internal managerial control code for public entities, FORMENERG SA structured its own internal managerial control system tailored to its specific nature and size, depending on the particular features of the legal organisation & operation framework, and the internal managerial control standards.

Company-wide there is the Monitoring commission of FORMENERG SA that monitors, coordinates and provides methodological guidance in the development of the internal managerial control system appointed by Director General's decision.

Risk management is conducted in accordance with the System procedure on risk management, CODE: P.S. – 01, Edition I, Revision 0, of 17.09.2018.

Risk treatment methods can include: risk avoidance, taking the risk into consideration when exercising an opportunity, eliminating the risk source, risk division or risk maintenance by informed decisions.

The annual reports on risk management are elaborated by each independent division/office/compartment and, together with the Implementation plan of control measures for significant entity-wide risks they are used by the Technical Secretariat of the Monitoring

Commission to elaborate annual information about risk management, which is reviewed and debated in order to get approval from the Monitoring commission.

The information comprises the analysis of identified risks that are managed by the compartments, namely the monitoring of objectives and activities by means of performance indicators of the public entity.

The Internal Audit Compartment provides counselling of all activities performed by the Monitoring Commission and the Risk Management Team.

Examples of identified risks:

- Revenues planned from professional training courses are not reaching to estimated values;
- Inadequate knowledge of clients' preference / needs / expectations and satisfaction degree;
- Revenues planned from hostel services do not reach estimated values;
- Transmitting incomplete documentation for participation to public bids;
- Concluding sale contracts for company services / products which provide results that are not capitalised;
- Professional training at entity level is provided to too low a percentage compared to the identified training need and failure to comply with each employee's individual requirements;
- Failure to update the Manual of accounting policies according to applicable accounting regulations and to observe the general accounting principles;
- Failure to carry out the internal audit missions provided in the Annual plan;
- The Control plan was not fully applied;
- Improper application of legislative internal provisions and regulations;

- Improper planning of reviews and repairs;

### **TELETRANS SA**

In terms of risk management TELETRANS SA elaborates specific documents for this purpose. Consequently the risk registry contains details about the compartment where risks have been identified, the objective and risks related to each objective, risk impact, occurrence likelihood, risk level, risk mitigation measure, action implementation stage and impacts of residual risks.

Thus the information about the risks identified in TELETRANS SA, but also the methods proposed to manage them by means of specific actions are detailed in this register.

#### **Examples of objectives:**

1. Providing services under qualitative terms, while observing the provisions and obligations assumed under the concluded trading contracts of service provision;
2. Carrying out the Annual internal audit plan;
3. Conforming the Labour security and health activities, Emergency situations and environmental protection activities to applicable regulations;
4. Carrying out the Annual financial control plan;
5. Ascertaining the non-conformities with significant economic-financial consequences occurred in the verified TELETRANS structures;

#### **Examples of identified risks:**

1. Obsolete worn out equipment, non performing and with no spare parts with the following highly critical points: process information systems (EMS-SCADA), telecommunication systems, servers, no back-up equipment, ambient part of data

rooms – climate and electricity supply, licences and support not updated;

2. Failure to perform the internal audit missions provided in the Annual plan;
3. Sanctions and infringements for the company and/or the employer in accordance with legal applicable provisions in the labour security and health domain and/or emergency situations and/or environmental protection;
4. Incomplete performance of the control schedule;
5. Not detecting cases when norms applicable to the activities of verified structures were not observed, with significant economic-financial bearings;

#### **Examples of risk mitigation**

##### **actions:**

1. Permanent information of company management about occurring issues; carrying out all preventive maintenance activities;
2. Supervising the application of plans within set terms;
3. Assuming the execution attributions necessary for the Quality Management, Labour Security and Health Compartment in the current organisational and personnel structure by the SSM inspector according to the job description elaborated according to internal procedures;
4. Rescheduling for next year's check-up of TELETRANS SA structures remaining unchecked and elaborating the rectified Control plan;
5. The financial control structures should make proper selection of operations performed by TELETRANS SA structures verified during the control period;

## 5. Key non-financial performance indicators relevant for specific activity

### Smart SA

In general indicators are established together with specific objectives and with the elaboration of operational processes. They are analysed on the occasion of management reviews. From among such indicators we can mention:

- Client satisfaction, feedback for work executed under ANRE certificate
  - Indicator: Annual client satisfaction degree (arithmetical mean of satisfaction degree values from contracts completed in the reference period) – calculated according to ANRE Order 45/07.09.2016; satisfaction degree achieved in 2018 = 9.83
- Monitoring employees' health; Tests and medical consultations according to HG 355
  - Indicator: No. of monitored employees / No. of employees \* 100 [%]; 2018 achievement = 100%
- Degree of non-conformity settlement
  - Indicator: solved non-conformities / non-conformities identified x 100 [%]; 2018 achievement = 100%
- Performance of the audit plan
  - Indicator: audits performed / audits planned x100 [%];
- Performance degree of various control programmes
  - Indicator: controls made / controls planned x100 [%];
- Global achievement of training plans
  - Indicator: courses achieved / programmes approved x 100 [%]; 2018 achievement = 98%
- Standardised metering & monitoring equipment, verified in this period
  - Indicator: standardised EMM verified / planned EMM for standardisation, verification \* 100 [%];

- Effectiveness of risk and opportunity treatment
  - Indicator: Global risk level  $\leq$  reference value;
- Waste management
  - Indicator: No. of collected waste types / No. of selectively collectable waste \* 100.

### OPCOM SA

The non-financial indicators used by OPCOM SA are as follows:

- Transaction quota on the various electricity markets managed (Amount transacted on the respective market in the reference period/Net national consumption);
- Efficiency of transaction participation on various electricity markets managed (No. of participants that submitted offers on the respective market in the reference period/No. of participants registered on that market);
- Satisfaction degree of OPCOM SA clients with respect to the quality of services provided in managing the markets / instruments placed at the disposal of participants on the markets (1÷5 degrees);
- Satisfaction degree of OPCOM SA employees (using qualifying terms: very content, content, discontent and neutral);
- Level of information security incidents (as number of incidents registered in the reference period);
- Number of reporting services provided by OPCOM SA; OPCOM SA is in the first 11 RRM-s (of 117) in terms of diverse services for which ACER certified it and which it reports currently;

### FORMENERG SA

To obtain 'sustainable' performance by harmonising the economic, social and

ecologic objectives FORMENERG SA uses a performance assessment system that should point out the following items: the entity's objectives, its strategy, effectiveness & efficiency of activities, capacity of FORMENERG SA to adapt to the requirements of the market it operates on.

In terms of efficiency activities should be scheduled/approached in global terms taking into consideration the four types of development capital: human, economic, social and environmental. Thus we can state FORMENERG SA has responsible mode of operation, providing high competitiveness in the long run.

Non-financial performance indicators measure:

- Quantity – direct result of activities (e.g. number of training sessions);
- Quality – of results (e.g. number of mistakes made, employees' satisfaction, clients' satisfaction)
- Period – time intervals vary depending on results (during which effect should be obtained)
- Efficiency – maximising results of a certain activity in relation with the resources used
- Effectiveness – achievement degree of planned objectives for each activity, ratio between the planned effect and the actual result of such activity;

In terms of specific activities of FORMENERG SA, mention can be made of certain relevant non-financial indicators:

- Professional training services

Indicators:

- Number of course series
- Number of trainees
- Hostel accommodation services

Indicators:

- Hostel occupation degree
- Revenues from hostel accommodation services
- Clients' (external & internal) satisfaction

Indicators:

- Trainee's satisfaction with the quality of provided services
- Employee's satisfaction
- Monitoring employees' health

Indicator

Medical consultations as per HG 355

- Waste monitoring

Indicator

No. of collected waste types / No. of selectively collected waste \* 100

## **TELETRANS SA**

TELETRANS SA aims at addressing performance indicators in sustainable manner based on efficient resource management and responsible conduct assumed towards society, by harmonising economic objectives with those of ethical behaviour and social responsibility, as well as with the desire of TELETRANS SA to acquire reputation of important player on the national IT&C market. Thus targets are as follows:

1. Planning and using financial resources in order to maximise the company's value to provide best financial profitability, solvency and liquidity;
2. Providing financial-accounting registration of documents and calculating taxes and charges (income tax, VAT, etc.) as to closely mirror the image of assets, liabilities, financial position and company's profit;
3. Efficient management of stocks and provision of administrative services necessary for the company's good operation, so that it can achieve objectives;
4. Preventing and fighting risks specific to the domain pertaining to taxation, credit risk, market risk (hard currency, interest rate and price risks) and the liquidity risk;
5. Efficient spending of company funds under the procurement procedures carried out while managing concluded

contracts. The most important aspect of procurements made by TELETRANS SA is represented by the efficient utilisation of company's resources in order to perform activities with maximum satisfaction both for partners and for employees;

6. Reducing the procurement time by applying internal procurement norms as per applicable legislation. Taking into account the key factor in the contractual relation with the parent company Transelectrica and with third parties is the short intervention / procurement time, the priority of the department is to make procurement within reasonable time intervals so as to carry out the assumed contractual obligations;

## **6. Environmental management system**

### **Smart SA**

The manner to identify and appraise environmental aspects is regulated in the system procedure SMART-PSM-07.00 „Identification of environmental aspects and of associated impacts”.

Environmental aspects are identified and assessed every time changes are made in the structure of processes, activities, products or services; legislative changes; developing new activities, services or work; significant changes in installations and processes; placing some installations in different places and re-appraising them for update annually.

Working conditions are taken into account when environmental aspects are detected:

- Emissions under normal operation;
- Emissions in case of abnormal operation, namely emergency situations, failures or accidents;
- Frequency of such emissions;
- Consequences over environment and health;
- Risk of emission occurrence;

- Compliance with regulations;
- Public or neighbour's complaints;
- Use of raw materials and natural resources;
- Other aspects of the local community's material and spiritual values;

Depending on the scores obtained after environmental assessment a list is obtained of environmental aspects of significant impact and a list of possible emergency situations. A prevention plan is drawn up for each emergency situation, which is annually simulated.

The purpose of such plan is to respond to actual emergency situations, to take measures to prevent or reduce the consequences of such emergency situation, corresponding to the size of the emergency and to its potential environmental impact; to provide relevant information and training about the response preparation capacity to emergency situations.

Mention should be made that possible emergency situations, namely incidents, failure or accidents which can have significant environmental impact are likely to occur only following some abnormal operation.

Emergency situations requiring immediate intervention to limit the environmental effect will be taken into consideration when plans are established to prepare for emergency situations and the response capacity.

The company has identified the following possible emergency situations:

- Oil leaks during oil treatment / regeneration (at the beneficiary's);
- Oil / fuel spills in case of car component defect or accident;
- Possible oil spills during oil recipient handling;

In case of such occurrences the executive personnel has got absorbent biodegradable earth. Smart SA has obtained environmental permits issued by



territorial Environmental agencies (where it was deemed necessary) and makes the law-required reporting.

There are also Environmental Management programmes approved by beneficiaries, which contain plans to mitigate environmental impacts and monitoring plans.

Examples of environmental aspects with reduction measures:

- Developments for environmental protection and restoration to initial condition when work is completed (natural resources and preserving biodiversity);

Measure - Ecologic reconstruction, filling the gaps, arranging the impacted ground, planting trees and grass and restoring the natural landscape when work is finished;

- Emissions of conventional pollutant agents or of greenhouse gas (protecting air quality)

Measure - Preventing dust releases while digging by spraying water in case the earth is dry / there is wind; gas emissions of motor cars and used outfits cannot exceed admitted limits; transport cars and outfits should be used that provide normal operation; useless operation of equipment will be avoided;

### **OPCOM SA**

OPCOM SA is highly concerned with environmental protection, one of the targeted lines being reduction of electricity consumption. To this effect all IT equipment used for daily activities has got Energy Star certification. Virtualising is another technology that enabled company development while also reducing electricity consumption. With the same purpose of reducing electricity consumption OPCOM SA replaced the lighting led tubes with neon tubes, thus getting about 40% consumption drop.

OPCOM SA also applied selective waste gathering, used also for DEEE waste beginning with used toner cartridges up to decommissioned IT equipment, which is collected by specific companies.

### **FORMENERG SA**

FORMENERG SA pays particular attention to environmental protection and has integrated the best practice in the domain in its activities. Consequently applicable environmental regulations are complied with every time changes are made in process structures or in cases of legislative changes, maintenance work or repairs to the company's building

As regards activity domains and processes performed by FORMENERG SA, no risk items were identified, therefore they have no significant environmental impact.

In terms of environmental protection during its activities FORMENERG SA has got the ENVIRONMENTAL PERMIT 57/30.01.2012 (valid until 2022), issued by the National Environmental Protection Agency Bucharest based on documents issued by competent authorities.

The permanent concern of FORMENERG SA with minimising the environmental impact of its activities comes out from the compliance with the requirements of the ENVIRONMENTAL PERMIT no. 57 issued by the National Environmental Protection Agency Bucharest. It establishes milestones for careful monitoring of resource consumption (energy, water) and for responsible waste management:

- **Energy consumption**

For space heating FORMENERG SA uses a thermal plant using **methane gas**, endowed with two boilers of 920 kW total thermal capacities.

The hourly fuel consumption is 108 Nm<sup>3</sup>/h. The plant has 24.5 m high stack discharging pollutants and 0.422 m<sup>2</sup> area.

Air quality (flue gas from the thermal plant) is monitored by submitting test bulletins to requesting authorities. Determinations are made quarterly and air quality data (emissions) will be annually reported to the environmental protection authorities.

Electricity supply for the operation of equipment used and to light the location comes from the National Power System based on the supply contract.

In order to reduce consumption values and comply with the best available energy efficiency techniques the following issues are taken into account:

- Proper operation of the ventilation system;
- Selecting electricity supply equipment with specific consumption as little as possible;

Electricity consumption calculations rely on the correlation of consumed amounts with the sums invoiced and paid, using the heat capacity but also the agreed energy conversion factors.

#### ➤ **Water consumption**

Water supply for drinking and hygienic-sanitary purposes comes from the public network managed by Co. APA NOVA BUCHAREST SA based on the supply contract.

Used water is discharged into the city's drainage network managed by Co. APA NOVA BUCHAREST SA.

Used water discharged into the city's drainage is monitored by certified laboratories (currently- ECOIND Bucharest). Determinations are made each month in the control section R1 and the data about used & discharged water quality will be annually reported to the environmental protection authority.

Water consumption values are calculated in correlation with the water quantities consumed and the sums invoiced and paid.

#### ➤ **Waste management**

FORMENERG SA complies with the hierarchy of waste management and strives to prevent its generation, permanently searching recycling solutions, namely capitalisation of waste generated from its activities (paper, pet, used toner, decommissioned IT equipment etc.).

To this effect FORMENERG SA applied selective waste collection policy also used in case of DEEE waste (company specialising in DEEE waste disposal: RECOLAMP SRL).

Waste management means elaborating and updating the Waste management register. This will be annually submitted to the Environmental Protection Agency Bucharest.

Information about waste recovery and/or recycling can be obtained from the Financial-Accounting Compartment according to supplier's invoices.

#### **TELETRANS SA**

TELETRANS SA has elaborated the following environmental protection documents: Environmental aspects detection form in normal and abnormal operation, Environmental aspect data collection form, List of environmental aspects identified under normal & abnormal operation and emergency situations for the environment. No risk elements were identified in association with performed activities.

### **7. Social and personnel issues; removing discrimination and promoting gender equality**

#### **Smart SA**

Chapter 2 of the Internal Regulation 8053/02.09.2014 of Smart SA – Rules regarding observance of non-discrimination principles and removal of all dignity violation – defines and regulates the work relations in Smart SA. Thus each employee of Smart SA benefits of working

conditions proper for his/her activities, social protection, labour security and health and observance of his/her dignity and conscience with no discrimination.

All employees are recognised the right of equal pay for equal work, the right of collective negotiations, the right of personal data protection, as well as against illegal dismissal.

When salaries are established and paid no discrimination is allowed for gender, sexual orientation, genetic characteristics, age, nation, race, colour, ethnic, religion, politic option, social origin, handicap, family circumstances or responsibility, trade union affiliation or activity.

### **OPCOM SA**

As far as social and personnel issues are concerned in OPCOM SA, or the employer – wage earner relationship, they are provided in accordance with the labour legislation and with the provisions of the Labour Collective Contract of OPCOM SA applicable in 2018, of the Internal Regulation, Operation Regulation of OPCOM SA, Regulation with respect to organising contests to occupy vacancies or the Ethical and Professional Conduct Code.

To provide proper working conditions, safety and health on the job the following activities are carried out:

- Ergonomic arrangement of working places using ergonomic adjustable chairs, proper positioning of office furniture and of the computer in front of the user depending on lighting sources and air conditioning appliances;
- Employees' health is monitored by permanent provision of specific assistance;
- Clean working environment is provided by the care of one's own personnel and by cooperating with specific companies for: domestic

garbage disposal, outside window cleaning, air conditioning appliance maintenance, periodical pest fighting, procuring water recipients and maintaining the drinking water fountains;

- Permanently checking the condition of individual protection equipment for activities requiring such equipment (e.g. maintenance-cleaning personnel, electricians) and renewing them periodically or every time it is worn out;

Computation techniques provided to employees is of high professional level both in performance terms and as regards eyesight protection.

As regards professional training both in order to provide chances and to treat/remove any absence of technical expertise in certain domains, it is provided in accordance with applicable labour legislation and internal regulations.

Consequently in 2018 employees' professional training aimed at:

- Full employee adaptation and integration with job requirements;
- Updating the knowledge and improving professional training;
- Acquiring advanced knowledge, modern methods and procedures necessary for professional activities;
- Developing the communication capacity in professional circumstances;
- Stimulating the innovation capacity applicable within the limits of assumed liability;
- Developing and implementing new projects, which led to diversifying the main business; successful implementation of such objectives meant intense efforts from involved employees throughout the year, including by using the new knowledge, abilities and competence acquired after professional training and improvement courses;

As regards the employees' right to be informed, at the beginning of 2018 the executive management informed the employees about the social expenditure fund, and a protocol was concluded with the social partner for expense allocation and settlement of some quotas of the holiday expenses, spectacles etc.

The 2018 employer / trade union meetings were characterised by parties' willingness to discuss, and such reunions were always finished by concluding protocols. The meetings aimed at negotiating some amendments and additions in the Collective Labour Contract in order to align its provisions to the fiscal legislation, by regulating the transfer of some social contributions from employer to employee, and negotiating on the salary fund use, on granting extra-salary benefits to wage earners etc. Trade union rights have been always observed in the company.

As regards fighting discrimination and promoting diversity, OPCOM SA complies with the non-discrimination principle and fights any dignity violation forms in accordance with applicable legislation, the Internal Regulation or the Ethical and Professional Conduct Code.

In accordance with the Ethical and Professional Conduct Code OPCOM SA observes and guarantees equal non-discriminating treatment of employees, market participants, company partners and co-workers.

In exercising their positions OPCOM SA employees are obliged to observe professional behaviour and to provide transparency, impartiality and efficiency a necessary to gain and keep the confidants of participants on the managed markets, of partners and co-workers. They are also obliged to equal treatment and refrain from any discrimination for nationality, gender, origin, race, ethnic, handicap, age, religion or political convictions.

Chapter 3 of the Internal Regulation of OPCOM SA provides structured rules with respect to observing the non-discrimination principle and removing any dignity violation, the employer has the prerogative to apply disciplinary sanctions as per legal terms to employees that perpetrate direct or indirect discrimination at their working place or sexual harassment.

### **FORMENERG SA**

The Internal Regulation of FORMENERG SA has a chapter entitled Rules for the observance of non-discrimination principles and removal of any dignity violation, which regulates the framework of labour relations in the company. Thus all company employees benefit of proper working conditions for their activities, of social protection, labour security and health and respect is paid for their dignity, with no discrimination.

The equal treatment principle is applied in work relations to all employees. Any direct or indirect discrimination of an employee based on gender, sexual trend, genetic characteristics, age, nation, race, colour, ethnic, religion, political option, social origin, handicap, family situation or responsibility, trade union affiliation or activity is forbidden.

FORMENERG SA applies non-discrimination principles and removes all dignity violation forms in accordance with applicable legislation, the Internal Regulation and the Ethical Code; it observes and guarantees equal treatment in its relations with employees, partners and company co-workers.

All employees are recognised the right of being paid, the right of collective negotiations, the right of personal data protection, as well as against illegal dismissal.

Employees are permanently informed about legislative amendments concerning them. Employer / trade union

meetings are characterised by parties' willingness to dialogue, resulting in amendments and additions to the Collective Labour Contract. Trade union rights have been always observed in FORMENERG SA.

FORMENERG SA complies with legal provisions of Labour Health and Security and acts in this respect to protect employees' lives and health.

The Internal Regulation provides organisation of the Labour Health and Security activities, while also including specific rules to comply with.

The Director General issued decision appointing a technical specialist with attributions of labour health and security:

- Providing clean pleasant working environment by cooperation with specific companies;
- Organising working places so as to provide employees' security and health (using ergonomic chairs, air conditioning system, natural/artificial lighting etc.);
- The condition of equipment used by employees for their activities, meant to provide their health and security;
- Employees training in labour security and health;
- Periodical application of labour medical controls;
- Providing conditions to easily apply first aid in case of labour accidents;
- Evacuating employees in special situations or imminent danger;

The Internal Regulation and the Ethical Code of FORMENERG SA provides the non-discrimination principle and removal of any dignity violation in accordance with applicable legislation, while observing and guaranteeing equal treatment in its relations with employees, partners and co-workers.

## **TELETRANS SA**

The human resources policy of TELETRANS SA was devised within a wider strategic planning process aiming at establishing a structure of objectives, action plans and procedures enabling correlation of managerial measures with the dynamics of the company's external environment both in market terms and as regards technological & legislative developments.

The human resource policy was constituted taking into account human resources should be managed as relevant in all company activities and it can make the difference between a successful and a failing company.

The human resource policy of TELETRANS SA was elaborated using the following principles:

1. The equal treatment principle in terms of gender, sexual orientation, genetic characteristics, age, nation, race, colour, ethnic, religion, political option, social origin, handicap, family situation/responsibility, trade union affiliation or activity;
2. Providing proper working conditions for the performed activities, social protection, labour security and health and observance of the employees' dignity and conscience;
3. Legality principle: the human resource policy complies with the applicable legislation, internal regulations and good practice in the domain;
4. Consensus and good faith principle: for good development of labour relations the participants to such relations will get informed and mutually consult one another according to legal terms and to the applicable Labour Collective Contract;

In this respect TELETRANS SA provides personnel recruitment and selection while observing the equality of gender, working conditions and job

requirements with respect to the abilities and specific training necessary in accordance with specific internal procedures.

## **8. Fighting corruption and bribery**

### **Smart SA**

The Ethical Conduct Code of Smart SA provides a set of rules by which the company has developed ethical behaviour rules for business and prevention of illegal unlawful actions that might occur during business in the company.

The Ethical Conduct Code provides ethical practice and standards accepted one-sidedly, being defined as a set of rules determining whatever is right and wrong in employees' conduct, systematic reflection over the moral consequences of a company's decisions. The Ethical Conduct Code was developed as basic component of the company's transparency, of its authenticity and responsibility towards shareholders, community and the environment. It does not guarantee them but constitutes good premise to create and implement ethical values, responsible behaviours and operations.

The Ethical Conduct Code and the Internal Regulation are obligatory and apply to all SMART structures.

All company employees comply with the letter and spirit of such.

The Ethical Conduct Code is notified to all company co-workers, suppliers and partners.

### **OPCOM SA**

In accordance with the Ethical and Professional Conduct Code of OPCOM SA approved by the Board of Administration, the executive management of OPCOM SA is responsible to apply a corruption fighting policy and measures to secure it is implemented. OPCOM SA employees do not seek or accept presents, services,

favours, invitations or any other advantage dedicated to them personally, to their family, parents, friends, etc. and might influence their impartiality in exercising their position.

In case an OPCOM SA employee is offered gifts during the exercise of his/her position he/she is obliged to declare it.

OPCOM SA develops organisational culture based of social responsibility based on ethics, respect for the rights of market participants, social & economic equality, high quality information technology, fairness, and transparency in accordance with legal provisions, integrity and investments into resources.

In accordance with Law 176/2010 regarding integrity when exercising public positions and dignities, amending and adding Law 144/2007 on the establishment, organisation and operation of the National Integrity Agency, as well as amending and adding other norms, persons holding managerial positions in OPCOM SA submit, beginning with 2010, and update each year their statements of wealth and interests.

In accordance with GD 583/2016 approving in accordance with the 2016-2020 National Anticorruption Strategy the sets of performance indicators, the risks associated to objectives, the strategic measures and verification sources, the inventory of institutional transparency measures and corruption prevention, the assessment indicators and the standards to publish information of public interest, OPCOM SA signed in November 2016 the adhesion Statement to the fundamental values, principles, objectives and the monitoring mechanism of the 2016-2020 National Anticorruption Strategy, and in January 2017 it elaborated the Integrity plan of OPCOM SA for 2017-2020. This plan was approved by the Board of Administration of OPCOM SA and transmitted to the Ministry of Justice in January 2017.



The Integrity plan of OPCOM SA is structured by three general objectives: preventing corruption, educating the employees and clients of OPCOM SA and fighting corruption. The fore-mentioned general objectives are broken down into specific ones, and such specific objectives are associated with achievement measures. Measures with deadlines in 2018 and the permanent ones have already been completed.

### **FORMENERG SA**

As prevention measure in FORMENERG SA, but also as guarantee for a culture of integrity, transparency, opening and conformity that should mirror the good anticorruption practice, beginning with the second half of 2018 the top management of FORMENERG SA provided implementation of the international standard ISO/DIS 37001 – Anti-bribery Management Systems.

The standard adds other standards regarding management systems such as ISO 9001, ISO 14001, ISO 22000, ISO 26000, ISO 31000, and ISO 19600 in case of FORMENERG SA, adding to ISO 9001: 2015 Quality management systems.

The applicability of the Anti-bribery Management System, SR ISO 37001:2017 for “Professional training” activities began in FORMENERG SA on 11.08.2018 with certification validity of 3 years, namely by 11.08.2021 under Certificate 002AM issued by the certification body “Romanian Movement for Quality”.

The Ethical Code of FORMENERG SA represents ethical conduct norms establishing and regulating the employees’ values, responsibilities, obligations and conduct in interinstitutional relations, as well as in their relationship with the company.

The Ethical Code defines the moral ideals, values, principles and norms which the employees agree to observe and

apply in the activities performed in the company.

The ethical code is implemented in the company since it is useful in promoting ethical professional behaviour and avoiding situations that might impact the company’s reputation. An Ethical Code protects the company and its employees from dishonest or opportunist behaviours since persons not applying company values that violate the Ethical Code’s provisions are not welcome in it.

The Ethical Code of FORMENERG SA provides a set of basic rules for employees’ ethical behaviour and to prevent illegal unlawful actions that might occur during activities.

### **TELETRANS SA**

As far as fighting corruption and bribery is concerned a Professional Ethical Code was elaborated and implemented in TELETRANS SA being also published on the company’s site.

Legal transparency requirements are implemented in TELETRANS SA, the Memorandum to increase transparency and standardise the display of public interest information (HG 583/2016 approving the National Anticorruption Strategy, Law 544/2001 regarding access to public information, Law 176/2010 regarding when exercising public positions and dignities).

Corruption prevention activities are coordinated by the Working Group to apply HG 583/2016 in TELETRANS SA, constitute by Decision 311/17.11.2016.

The Statement on adhesion to the fundamental values, principles, objectives and monitoring mechanism of the 2016-2020 National Anticorruption Strategy was elaborated and published on the company’s site, as well as the Integrity Plan to implement the 2016-2020 National Anticorruption Strategy.

The working group assisted the departments of TELETRANS to apply the

measures associated to anticorruption measures by applying the following steps:

Preventing corruption

1. Internal managerial control activities were intensified, managed by the Monitoring Commission of CIM. All standards were implemented and the procedures were updated in accordance with applicable legislation (SGG Order 600/2018).

2. As regards providing transparency and access to public interest information, the company's site has been updated and structured in accordance with Annex 5 of HG 583/2016, with a page dedicated to the information required by it.

3. Stating the wealth, interests and goods received for free will be received from all targeted factors, the data being published on site within the law-provided deadlines.

4. Enhancing the educational level of anticorruption fight for company employees;

The Ethical Code is posted on the company's site and can be consulted by its employees, as there is also an internal procedure on ethics and integrity containing all relevant information in the domain. An ethical counsellor was designated to monitor the Company-wide compliance with conduct norms and to assist the employees in ethical and integrity issues.

TELETRANS SA also uses the procedure notifying irregularities, which provides a framework to prevent corruption risks and identify them by any employee.

Procedures are posted on the company's site and are accessible to all employees.

TELETRANS SA has got both internal audit structures and external

auditors in accordance with applicable legislation.

The internal audit compartment assesses and verifies company structures in accordance with one's own control plans, in its turn being audited by the counterpart structure of the parent company, CNTEE Transelectrica SA.

Company planning activities are performed in accordance with the internal managerial control and corporative governance legislation while observing the integrity & ethical recommendations and standards and including them in the assessment of employees and activities.

As far as risk management is concerned, corruption ones included, there is an internal procedure for risk detection and managing, used in order to elaborate each year's Risk Registry and Risk management plan.

Procurement activities are performed observing the public procurement legislation based on an internal procedure periodically updated.

The implementation of anticorruption measures was enhanced by approving the integrity and periodical self-valuation plan for TELETRANS SA.

CIM development plan is periodically updated and annual plans and reports are made according to legal provisions.

Each year the internal managerial control system is auto-assessed using the valuation questionnaires from the law.

The human resource policy and the implemented Professional Ethic Code help TELETRANS SA to lay the bases of a harmonious organisational culture, based on fairness and responsibility to employers, employees, clients and the society at large.

## **GLOSSARY**

ANRE – National Regulatory Authority in Energy

CNCAN – National Commission for Nuclear Activities Control

FORMENERG SA - Company FORMENERG SA

OPCOM SA - Electricity and Natural Gas Market Operator Company OPCOM SA

OUG – Governmental Emergency Ordinance

SDH – digital synchronous hierarchy

SLA – service-level agreement

Smart SA - Company for Maintenance Services in the Electricity Transmission Grid Smart SA

TELETRANS SA - Company for Telecommunication and Information Technology Services in Electricity Transmission Grids TELETRANS SA