
Grievance Mechanism Procedure for External Stakeholders

Nord Stream 2 AG | Apr-19

W-HS-EMS-GEN-PRO-800-GRIMECEN-03



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Abbreviations and Definitions

Affected communities	Local communities directly affected by the Project
Company	Nord Stream 2 AG
Contractor	Any legal entity or physical person providing services to the Company
E&S	Environmental and Social department
EBRD	European Bank for Reconstruction and Development
ESMS	Environmental and Social Management System
PIMS	Project Information Management System
IFC	International Finance Corporation
NSP2	Nord Stream 2 Project
SE	Stakeholder Engagement
SEP	Stakeholder Engagement Plan
Stakeholders	Individuals or groups of individuals, who may be influenced in the course of a project or who may influence the development of a project.

1 Introduction

Nord Stream 2 is striving to ensure that our activities and operations do not cause any issues for those living near the Project's facilities and associated infrastructure, or any other potentially affected stakeholders. However, Nord Stream 2 would like to hear about any concerns or particular complaints that stakeholders may have in relation to the activities of the Project, so that any of those issues can be noted and duly addressed.

The IFC, EBRD, Equator Principles, and other similar international standards require the establishment and maintenance of a Grievance mechanism open to all stakeholders, especially where there are Affected Communities. This detailed internal procedure is used to manage stakeholders' grievances so that they can be promptly processed, analysed and solved by the Company's personnel.

Stakeholders' grievances are taken into account by the Company as a valuable source of information to optimize the design and outcome of the Project. The general decision-making process is described below in order to:

- Demonstrate transparency;
- Provide information about the Company's resources and decision-making; and
- Describe general procedures of addressing stakeholders' inquiries.

In overview, the external Grievance mechanism process includes the following steps:

- Filing and registration;
- Allocation for review and resolution;
- Investigation and resolution;
- Response of the proposed resolution;
- Appeal (if applicable);
- Closure and monitoring.

This Grievance mechanism will be maintained throughout the Project's lifecycle. The Grievance mechanism is disclosed on the Company's website as a part of countries' specific Stakeholder Engagement Plans. Specific informational brochures may be published to raise the awareness of Affected Stakeholders (see Annex 1).

The procedure applies the grievances from the external stakeholders. For the internal grievances a separate procedure W-HS-EMS-GEN-PRO-800-GRIEVAEN-01 was developed and maintained.

2 Project Overview

The Nord Stream 2 Project (the "Project") comprises the planning, construction and operation of a new strategic twin subsea pipeline (the "Pipeline") that will connect European consumers with Russian gas fields. The Project will have the capacity to supply 55 billion m³ of natural gas per year. The Pipeline has a planned length of 1230 km from Russia to Germany via the Exclusive Economic Zone (EEZ) and/or Territorial Waters of Russia, Finland, Sweden, Denmark and Germany (the "Project Countries") in the Baltic Sea. The design, construction, and subsequent operation of the pipeline are managed by Nord Stream 2 AG, which has been specifically established for this purpose.

The overall route of the Nord Stream 2 Pipeline is shown in Figure 1 below.

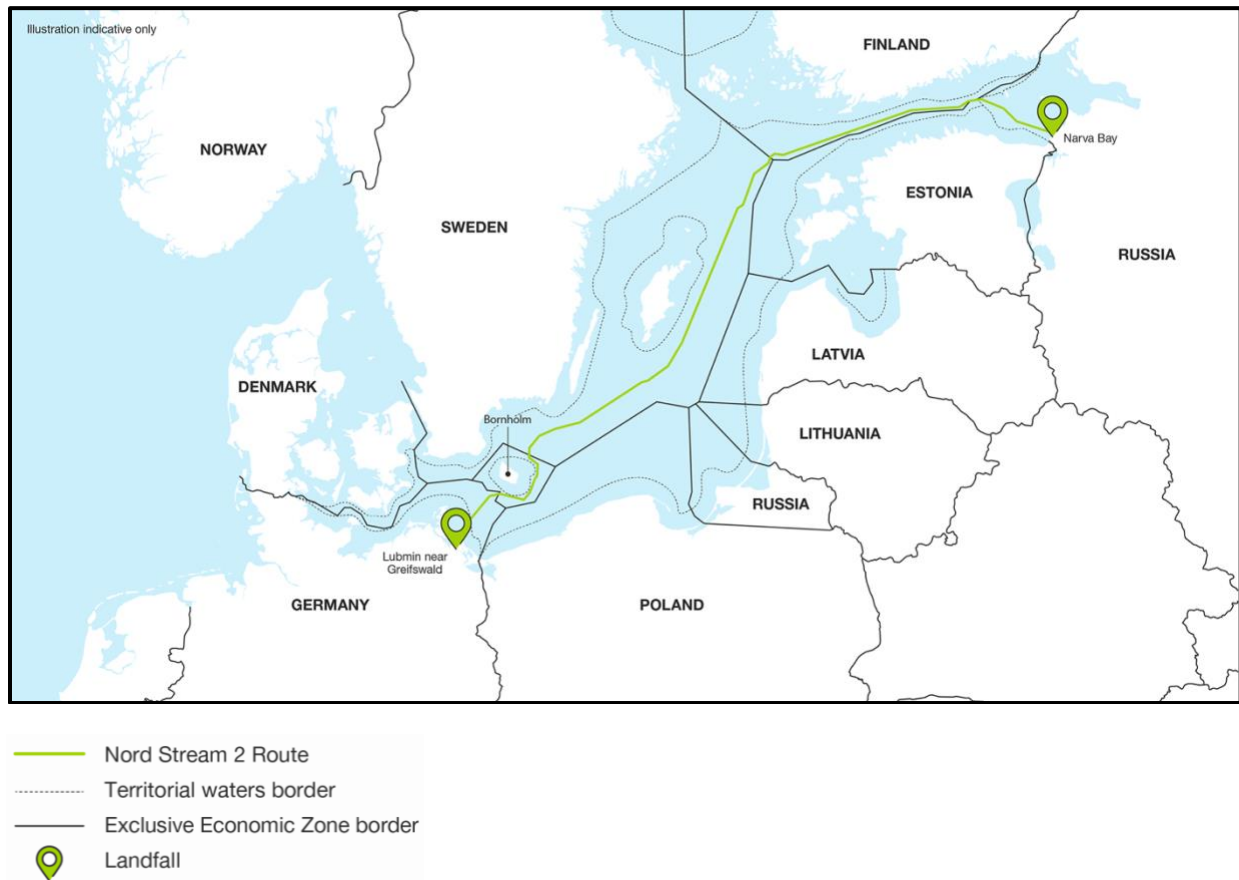


Figure 1 Overview of the Nord Stream 2 Pipeline Route

3 Grievance definition

A ***grievance*** is a concern or complaint raised by an individual or a group within communities affected by company operations. Grievances can result from either real or perceived impacts of a company’s operations, and may be filed in the same manner and handled with the same procedure¹.

Examples of grievances could include:

- Negative impacts on local residents (such as excessive noise, traffic, and other types of disturbance);
- Damage to private and common assets and properties;
- Environmental damage resulting from construction or operations activities as part of the Project;
- Practices or technologies that endanger the health, safety and security of local population.

¹ Good Practice Note “Addressing Grievances from Project-Affected Communities”, IFC

4 Grievance definition

A Grievance mechanism is established to receive and facilitate resolution of external stakeholder grievances concerning the Project.

The Grievance mechanism serves to:

- Minimise any adverse impacts of the Project on external stakeholders via quick and mutually acceptable resolution of grievances;
- Identify emerging adverse trends in terms of incidents/impacts at an early stage so that measures to prevent/avoid their occurrence can be implemented quickly and proactively;
- Demonstrate the Company's respect for the interests of external stakeholders.

Key principles of the grievance management process are:

- Any person, group or organisation can submit a grievances at any time, without fear of retribution and at no financial cost.
- All grievances will be taken seriously and will be treated in a fair and respectful manner. The Company will respond to the complainant to confirm receipt of the grievance within seven working days.
- The process by which grievances will be received, investigated and resolved will be consistent and transparent. Representatives of contractors may be involved in the investigation where applicable, and other third parties.
- Information relating to grievance investigations and eventual decision will be documented.
- Complainants will have recourse to an internal Company appeal mechanism if the complainant rejects the (first) decision.
- Personal information about the affected stakeholders will be treated as confidential (in accordance with the requirements of the current legislation).
- The mechanism will not impede access to judicial or administrative remedies.

The Grievance mechanism procedure is illustrated in Figure 2 and described below.

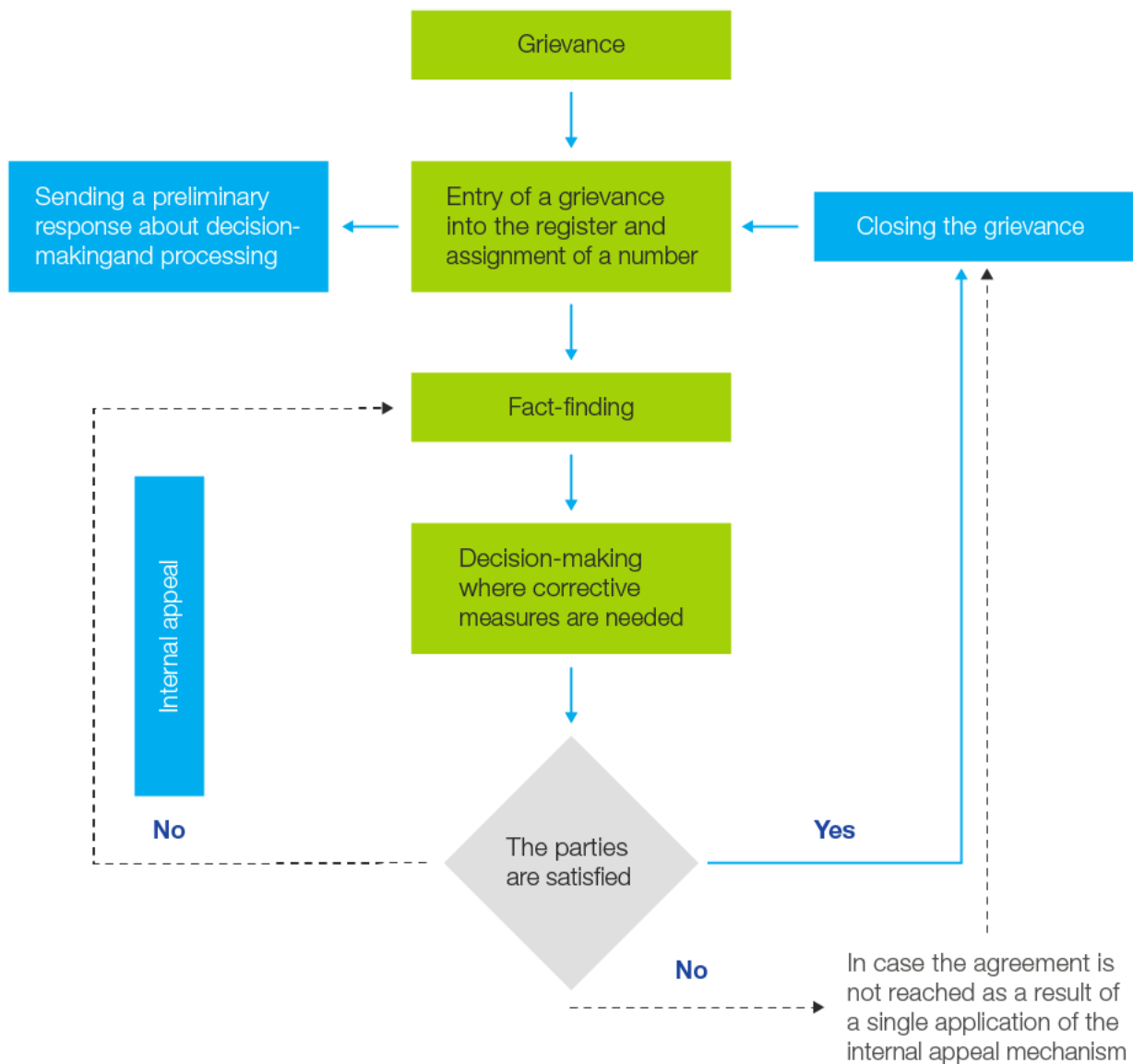


Figure 2 Grievance mechanism flowchart

Stage 1: Grievance communication and logging (registration)

Grievances can be submitted via any stakeholder engagement and communication channel functional at the time of submission (including direct to the Company in Switzerland via e-mail address, telephone, and the mailing address). All grievances will be logged.

Stage 2: Acceptance of grievance for investigation

The Company will respond to the complainant to confirm receipt of the grievance within seven working days from receipt.

Stage 3: Notification

As well as confirmation of receipt the complainant will also be provided with information about response times, next steps and a contact name with contact co-ordinates within the Company.

Stage 4. Investigation

The Company will investigate grievances and their surrounding circumstances. These investigations will involve various Project units and, if necessary, may involve consultation with the complainant. The Company will strive to complete the process of investigating the incoming grievances and identifying a resolution within 30 calendar days, and in more complex cases – within 45 calendar days of the receipt of a grievance.

Step 5: Resolution

A proposed resolution will be based on the results of the investigation. The proposed resolution will then be formally communicated to the complainant. The complainant will be first notified on the resolution process progress in 30 days period, and afterwards when the resolution is identified (in case it takes 45 days). If the proposed resolution is not accepted, the case may be resolved via application of an internal appeal process.

Stage 6: Monitoring and evaluation

After the accepted resolution has been implemented, it will be monitored, and its effectiveness will be evaluated for a period of time agreed between the complainant and the Company. Relevant actions will be added to the Project commitments register.

Contractors may implement their own Grievance Mechanisms, but they must be aligned with the Company's Grievance Mechanism and they cannot be implemented until they have been formally approved by the Company. If contractors use their Grievance Mechanisms, then contractors will report on the performance of the Grievance Mechanisms on a regular basis to the Company.

4 Resources and implementation

The Grievance mechanism procedure is a part of the Environmental and Social Management Systems (ESMS) of the Project. Responsibility for the implementation of Grievance mechanism at the current project stage rests with the Project, Permitting, Environmental & Social, Communications departments in accordance with the table 1.

Table 1. Roles and Responsibilities

Role	Responsibility
Country permitting manager	<ul style="list-style-type: none"> – Takes overall responsibility for the appropriate grievance management and addressing the issues in accordance with the grievance mechanism
Stakeholder manager (RUS, FIN)	<ul style="list-style-type: none"> – Takes the responsibility to communicate on the grievance's topics with the internal and external stakeholders, including internal reporting;
Communications manager (DEN, SWE, GER)	<ul style="list-style-type: none"> – Ensures that the steps of Grievance mechanism procedure are followed, the resolution satisfies the complainant; – Triggers the internal appeal process to find other suitable resolution in case the proposed resolution do not satisfy the complainant.
NSP2 on site representative	<ul style="list-style-type: none"> – Takes the responsibility to collect grievances on-site, communicates with contractors; – Maintains the means of grievance communications and information points on-site (e.g. grievance boxes, telephone lines) – Ensures initial logging of the grievances and their further communication; – Provides the notifications to complainant (upon the agreement with stakeholder manager); – Participates in the investigation and resolution of the grievances; – Monitors and evaluates the resolution on-site, communicates the findings to stakeholder manager.
On-site contractor	<ul style="list-style-type: none"> – Takes the responsibility to communicate the received grievances to NSP2; – Ensures the investigation and grievance resolution in case the grievance is related to contractor's performance; – Provides the response to NSP2 on grievance resolution.
Country team PIMS manager	<ul style="list-style-type: none"> – Takes the responsibility on grievance logging into the system and tracking the resolution; – Provides input for the internal and external reporting.
Grievance owner	<ul style="list-style-type: none"> – Takes the leading role on grievance investigation and resolution; – Approves the resolution and the proposed response to complainant.

The chart, which describes the implementation and management of Grievance mechanism procedure is included in Annex 3. Each country team keeps the chart and information on involved personnel up-to-date.

In accordance with the Environmental and Social Management Plans, issued to the contractors as a part of contract obligations, contractors should immediately report the received grievance to the dedicated personnel. Contractors may implement their own Grievance Mechanisms, but they must be aligned with the Company's Grievance Mechanism and formally approved by the Company.

5 Reporting

The Company's performance will be regularly reviewed against the numbers and types of grievances, and the nature and timing of their resolution. Internal and external reporting is developed in accordance with the Company's reporting strategy and ensured by the responsible staff. In due course grievances should be reported to management via an internal bi-weekly reporting system, using the Company's format. External reporting, e.g. annual environmental and social reporting, is provided by the Head of Environmental and Social management to the Financial investors and other relevant stakeholders.



Annexes

Annex 1

Grievance mechanism

Nord Stream 2 has established the grievance mechanism to receive and facilitate the effective resolution of stakeholders grievances concerning the project.



Key principles of grievance mechanism important to know

- A** Nord Stream 2 will log all submitted grievances.
- B** Nord Stream 2 will send the initial response with the information about next steps and a contact details within 7 days.
- C** Nord Stream 2 will investigate the circumstances. The investigation may involve the complainant.
- D** The proposed resolution will be provided to the complainant with the 30 days. If the resolution will require more time or does not satisfy the complained further actions to resolve the issue will be conducted.

Annex 2



APPLICATION FORM

Date _____

Complainant name _____

Contact details _____

Inquiry _____

Notes _____

Signature _____

Annex 3

