



# Sistema de Gestão Integrado

**PLA.SUS.014**

**Labor Grievance Mechanism - LGM**

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## 1 INTRODUCTION

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The present document offers a complete description of the Labor Grievance Mechanism (LGM) for the Construction Phase of the Gas Natural Açú (GNA) project (the Project) in alignment with the International Finance Corporation (IFC) and its Sustainability Framework.

The starting point for all of GNA's Social Management Plans (SMPs) for construction is the following list of Key Project Needs that are directly linked to Project Social Risks. To various degrees, the present LGM addresses these Needs/Risks.

Project Needs / Social Risks (in no particular order):

1. Guarantee Access to Water Sources
2. Guarantee Access to Marine Areas
3. Find an Available and Capable Workforce
4. Secure Permits in Time and Convey their Significance
5. Aim to Close Community Liabilities/Legacy Issues
6. Build and Keep Good Community Relations
7. Create GNA's Own Sustainability Identity
8. Maintain Safety Excellence Inside and Outside the Site
9. Ensure EPC Contractor Sustainability Performance
10. Safeguard Public Health Conditions

## 2 PROJECT DESCRIPTION

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Prumo Logística S.A. (Prumo), BP Global Investments PLC (BP), and Siemens AG (Siemens) are the sponsors of the GNA Project, a greenfield gas-fired combined cycle thermal power plant located at the Port of Açú, a brownfield port and industrial complex located in São João da Barra, on the northern coast of the state of Rio de Janeiro, Brazil.

The Project consists of three main components. The first is the actual thermal power plant, a 1,298 MW gas-fired combined-cycle facility using four Siemens turbines (3 gas, 1 steam). It will be constructed on a 400,000 m<sup>2</sup> site inside the Port of Açú complex.

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The second component is the plant's electric interconnection. GNA will be linked to the grid via a 52-km double circuit 345-kV transmission line (TL) between the Port of Açú and the Campos dos Goytacazes substation. The 345-kV TL will have a 55m wide right-of-way and 123 towers. The line will cross the municipalities of São João da Barra and Campos dos Goytacazes in Rio de Janeiro/RJ.

Finally, the project includes a liquefied natural gas (LNG) marine import terminal to be built on the north pier of the Port of Açú, with a fully dedicated chartered Floating Storage and Regasification Unit (FSRU) of up to 21 million m<sup>3</sup>/day capacity, ship-to-ship LNG transfer systems from LNG carriers to the FSRU to be offloaded by fixed unloading arms, and a 12-inch diameter high pressure natural gas pipeline to transfer the regasified LNG from the FSRU to the plant.

The Project has a fully-wrapped, turn-key engineering, procurement, and construction (EPC) contract with a Siemens-Andrade Gutierrez consortium for the plant. Alubar is the EPC contractor for the 345-kV TL component. Acciona is the EPC contractor for the LNG terminal. The construction phase will be concluded by the end of 2020 and the commercial operation date will commence on January 1<sup>st</sup>, 2021.

### 3 GOAL

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The overall goal of the LGM is to ensure that a formal and transparent procedure is in place to manage complaints raised by the Project workers; including, but not limited to:

- irregularities regarding occupational health and safety,
- dissatisfaction with workplace conditions,
- inconsistencies in payment and compensation,
- non-compliances with contract stipulations, and
- any form of harassment or abuse of power.

This LGM is in many ways parallel to the Community Grievance Mechanism (CGM), yet the stakeholders of interest in the present SMP are internal rather than external.

GNA employees will have direct access to this LGM; and, while grievances from EPC workers working on all Project construction sites will be managed directly by the aforementioned EPC contractors, said management must be aligned with and permanently informed to GNA. Nevertheless, EPC workers will be able to use GNA's LGM; in which case, GNA will lead the investigations, in coordination with the EPC.

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GNA guarantees that the use of this LGM will in no way affect worker retribution or working rights, making all efforts so that those mirror grievance procedures run by its EPC contractors follow the same principle. GNA firmly believes that workers raising a grievance in good faith shall not be subject to any form of retaliation.

Participation in the LGM is voluntarily and non-excluding. Any worker will have easy access to it and will be encouraged to use this privately-administered system. However, workers are also free to use the Brazilian judiciary system when they consider it pertinent. The LGM does not replace the public mechanisms of complaint and conflict resolution; but rather attempts to minimize use of them.

Worker grievances will be kept as confidential to the extent possible, particularly in cases of alleged harassment or corruption. Depending on the nature of the grievance, and should it involve a matter of general concern to all workers or that may affect the administration, application, or interpretation of Project policies and procedures, GNA may post the relevant response and/or resolution information on the various Project notice boards and other communication media, as deemed appropriate.

For the purposes of this management plan, a labor grievance is defined as a complaint or claim presented against the Project by any worker (direct or indirect). Typical labor grievances associated with the construction phase may include but not be limited to:

- Personal protective equipment issues
- Working conditions
- Work-site supervision
- Scheduling and task assignment
- Food and water
- Transportation

The examples above, assuming they do not represent law infraction, Compliance breaches, or potentially severe effect on fundamental or human rights, will be considered by GNA as “low-risk labor grievances”.

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GNA will consider as “high-risk labor grievances” all those associated with a potentially severe effect on fundamental or human rights, law infraction, or Compliance breach. These may include but not be limited to impacts in terms of:

- Sexual assault
- Harassment
- Corruption, extortion, and bribery
- Life-endangering, significant health and safety situations
- Any other form of Compliance breach of GNA’s Code of Conduct

#### 4 OBJECTIVES

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- Ensure that grievances from workers are promptly heard, analyzed, handled, and answered by the Project / GNA.
- Serve as an early warning system for labor conflict in order to proactively handle concerns about working conditions, danger, illegality, or wrongdoing.
- Provide guidance to workers of all types, levels, and areas about the interest held by the Project / GNA regarding proper grievance management.
- Assure that all labor grievances are met with an assessment / investigation that is thorough, fair, and free of prejudice.
- Provide a response and, when possible, a resolution to all matters raised within the framework of the LGM.

#### 5 SCOPE

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The LGM is applicable to the Construction phase of the entire project (including the Plant, the Transmission Line, and the Terminal). It will be applicable to all of GNA’s EPC contractors and principal collaborators, but the efforts will be coordinated and led by GNA.

#### 6 RESPONSIBILITIES

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The LGM will administered by GNA’s Human Resources (HR) team throughout Construction, even though the active support of the Project’s EPC contractors’ HR personnel is expected. However,

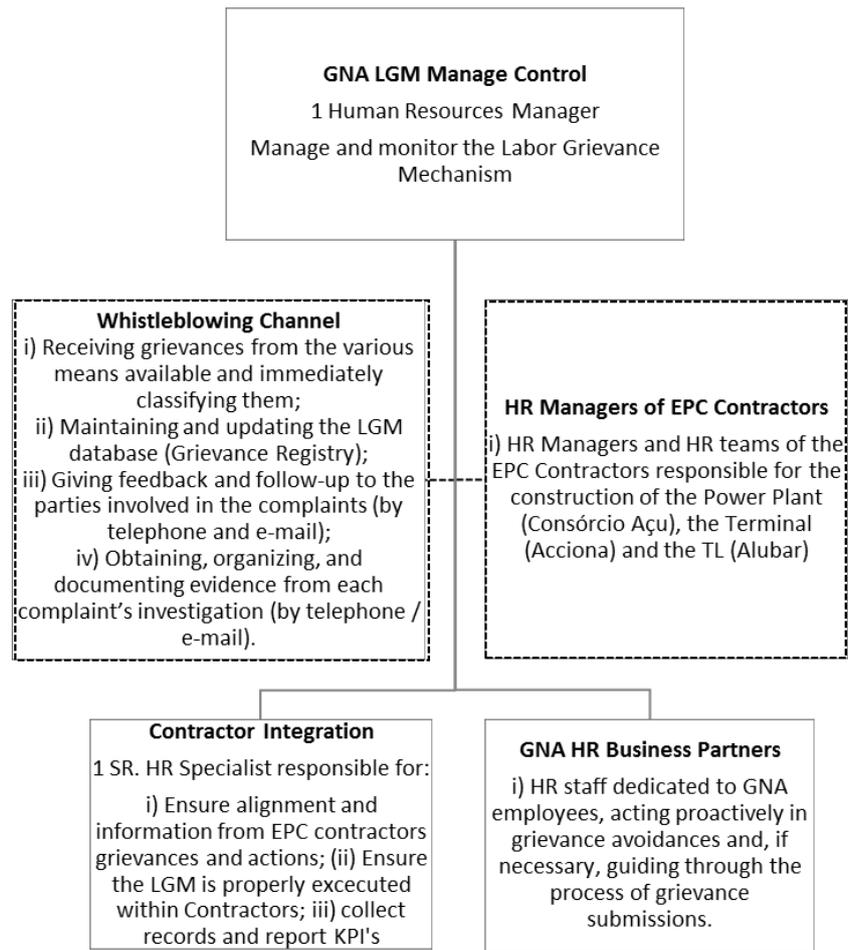
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depending on the nature of the grievance, and if a more formal investigation is required, this should be conducted by an independent department with the appropriate knowledge and experience (e.g. Compliance). GNA's team will have the sufficient human, technical, and financial resources to cover the needs related to the LGM's implementation in the Construction Phase. Tasks related to the execution of the LGM include:

- a) Receiving grievances from the various means available and immediately classifying them.
- b) Maintaining and updating the LGM database (Grievance Registry).
- c) Preparing a quarterly summary report on the status of worker grievances (including those administered by EPC contractors).
- d) Continuously communicating the locations and uses of the LGM to the internal public.
- e) Giving feedback and follow-up to the parties involved in the complaints.
- f) Obtaining, organizing, and documenting evidence from each complaint's investigation.

Evaluating and transmitting the findings obtained from investigations to Project construction management, contractors, and other relevant stakeholders so that this information may be addressed — if is applicable — in project decision-making.

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## 7 COMPONENTS

GNA's Labor Grievance Mechanism will consist of the following components:

### 1. *Grievance Avoidance:*

It is generally understood that a worker who has a complaint shall first give his/her immediate supervisor an opportunity to resolve it, or do so with any other senior manager above that of the employee's immediate supervisor in the case where the matter concerns said supervisor. Should any complaint arise out of a dispute between the Project and any of its employees, an earnest effort shall be made to settle it before it becomes a grievance.

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## 2. Grievance Submission:

It is expected that low-risk labor grievances will be presented by workers directly to the HR departments (using their HR focal points), through the available grievance boxes, or using a face-to-face approach. The workers can also use the grievance mechanisms of their representative unions/associations – which will forward the grievance to HR – or, if they prefer to, directly to the Whistleblowing Channel. The HR team will periodically open and review the grievance boxes and, if a high-risk grievance is found, submit it to the Whistleblowing Channel.

GNA expects that high-risk grievances will be submitted using the Whistleblowing Channel by web portal, e-mail, or phone (toll free). This Channel is managed by an independent company which will disclose the grievance content to GNA's predefined focal points. However, if the worker does not want to formally register the grievance, or is not able to do so, he/she has the option to present the grievance to a GNA HR or Compliance staff member who will register it by e-mail, web, or phone. As above, the worker can also log the grievance using the workers unions or associations, which will thereafter activate GNA's HR or Compliance teams.

To begin the LGM process, a Grievance Registration Form has to be submitted formally to GNA. To formally register a grievance, the Grievance Registration Form provided as illustrated in the Annexes has to be filled out, either in person, through the boxes, or using the Whistleblowing Channel, over the phone, or online. Company representatives may assist workers who are not able to fill out the form by themselves. A properly completed Grievance Registration Form must be submitted in order to register a labor related grievance. GNA will not be required to consider any grievance that has not been submitted on a Grievance Registration Form in accordance with this procedure.

The grievant can choose to present the grievance anonymously or identify him(her)self. In both cases, when using the Whistleblowing Channel, the grievant will receive a protocol number that he/she can use to input additional information, check the grievance status, and answer any questions necessary for the investigation of the Grievance.

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### 3. *Grievance Registry Recording:*

The Grievance Registration Forms collected by a GNA representative or associate (supervisor, Compliance officer, EPC contractor HR leader, etc.) must be forwarded to the HR team upon receiving, as soon as possible. On receipt of the Grievance Registration Form, the HR team will record the details into the Grievance Registry (database) and ensure that the appropriate departments (e.g., Health & Safety, Environmental, Construction, etc.) have received copies of the Grievance Registration Form and other relevant information.

### 4. *Grievance Investigation:*

The GNA team will lead an investigation into each grievance. This investigation must be conducted by a person with the appropriate knowledge, expertise, and experience. Depending on the nature of the grievance, the HR or Compliance teams will conduct the investigation, using different sources of information. These may include: interviews with witnesses / third parties, site visits, gathering of photographic evidence, and review of documentation, among others. Investigations shall always seek to cross-check conclusions with at least more than one corroborating source.

### 5. *Grievance Investigation Analysis and Review:*

The GNA team and identified grievance-related members in the Project's leadership, as necessary and according to the nature and severity of the grievance, will review all grievance investigation results. This review will involve EPC contractors and other parties, as needed, to offer a broader scope of the issue. The preliminary recommendations will take into consideration Project policy, past experience, current issues, and potential outcomes. After this review session, these preliminary recommendations will be made to the GNA team in a timely manner for resolving each grievance, as detailed below.

### 6. *Grievance Response Consideration:*

GNA (typically the HR team for most grievances) will make first contact with the grievant up to 3 (three) labor days after the Grievance is registered, and the time to resolve the grievance will be

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within 50 (fifty) days on average for high-risk (and high impact) and anonymous grievances. For low-risk (and low impact) and identified grievances, the time for resolution will be within 30 (thirty) days. Also, for low-risk grievances, and whenever deemed possible, GNA will develop a formal written response. The response will take into consideration the preliminary recommendations developed initially by the HR team, Project personnel, relevant leadership members, and oversight by the corporate group, when needed. For grievances in process through the Whistleblowing Channel, GNA will provide a protocol number for the grievant to access information regarding the grievance, answer any questions relevant for the investigation, and consult the grievance status.

#### *7. Responding to the Grievant:*

When a written grievance response is provided to the grievant, the reasons for the response will be explained to the maximum extent possible. If the grievant accepts GNA's formal response, the grievance will be considered closed. For grievances presented through the Whistleblowing Channel, or if the grievance is anonymous, the written response will be publicized in a way that fits the grievance and no confirmation of acceptance or rejection will be expected.

#### *8. Rejected Response by Grievant:*

If the grievant rejects GNA's formal response, the HR team will have to inform the initial members of leadership involved in the review process and any other involved parties. This grievance will then have to go through a second review process in order to examine the merits of the rejection and determine whether other avenues could be approached by the Project together with the grievant, such as third party conciliation or consultation with a relevant labor union or other appropriate stakeholder groups. During this second review process, either another formal written response will be provided to the grievant in 30 days or it may be decided to hold a meeting with GNA representatives and the grievant. The employee may be accompanied at the meeting by any person he chooses amongst his peers. The Project / GNA may be represented by no more than one other person outside the HR team. Formal notes documenting the meeting will be issued and signed by the attending representatives. The outcomes of this meeting will be recorded, and if agreement is reached between the Project and the grievant, the grievance will be closed.. If no agreement can be

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reached, then the grievant can pursue other avenues (such as the Whistleblowing Channel, administrative or legal avenues) at his/her discretion.

#### 9. *Completing Actions and Grievance Closeout:*

Following the completion of response actions by GNA, photos and/or other documentary evidences will be collected by the HR team to form a comprehensive record of the grievance being resolved. Where the formal written response identified an action that is needed to be taken in order to resolve the grievance, the grievant will confirm the work has been completed. The HR team will record the completion of the actions into the Grievance Registry.

## 8 KEY PERFORMANCE INDICATORS

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The KPI's that will continuously evaluate the LGM's execution will be:

- 80% of grievances receiving timely responses, as stipulated.
- 75% of grievances resolved in the expected times of response.

## 9 RECORD KEEPING & REPORTING

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Beyond the maintenance of the Grievance Registry, the following reports and documentation associated with labor grievance management will be produced:

- Labor Grievance Report:

A quarterly summary of the status of labor grievances detailing the performance of the LGM through the previously detailed KPI's, how many new grievances were registered, their risk level, how many were closed, and providing additional detail for cases in which the investigation of closeout processes has required special considerations or actions. This report is to be produced every trimester.

- Internal Communication Strategy Report:

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Ensuring that workforce members and other internal stakeholders are well-aware of the grievance mechanism's use and value will require constant communication efforts. A summary of GNA's promotion of its LGM in the Project sites will be produced every trimester.

All documents will be strictly controlled and kept in electronic format, with physical print-out copies used only as reference and not considered official.

## **10 MONITORING & EVALUATION**

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In the spirit of continuous improvement, every semester from the time of implementation the LGM will undergo an internal evaluation process from which improvement recommendations should emerge. Upon completing a full year of implementation and two such rounds of internal evaluation, an expert, independent, external evaluation will be carried out. Additionally, the HR team will prepare every semester an evaluation of the nature of the grievances vis-à-vis the Project's performance, determining if there are any recurring grievances that point to a need for changes in company policies, procedures, or activities.

## **11 REFERENCES**

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- GNA Human Resources Policy
- DCO.RHU.001 - Code of Conduct
- IFC Performance Standard 2
- IFC Guidance Note 2: Labor and Working Conditions
- The SA8000 Standard

## **12 RELEVANT GNA SOCIAL MANAGEMENT PLANS FOR CONSTRUCTION PHASE**

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- PLA.RHU.001 - Local Hiring Plan (LHP)
- PLA.SEG.001 - Security Forces and Service Management Plan (SFS)
- PLA.SUS.013 - Community Grievance Mechanism (CGM)

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### 13 ANNEXES

Annex A - Worker Grievance Box Locations

Annex B - LGM Contacts and Flow Chart

Annex C - LGM Internal Communication and Induction Materials

Annex D - Grievance Registration Form

Annex F - Grievance Treatment Form

Annex G - Disciplinary Measures Norm (NR.GNA.001 - Norma de Medidas Disciplinares)

Annex H - Dismissal Protocol (PR.GNA.002 - Procedimento de Desligamento)

Annex I - Gender-Based Violence Risk Management Prevention Program (GNA.RH.2.PRG.0XX - Programa de Gestão de Risco de Violência Baseada em Gênero)

### 14 COMPETENT AUTHORITIES

| Função        | Nome           | Cargo                                   |
|---------------|----------------|---|
| Elaborador(a) | Agatha Franco  | Especialista de Responsabilidade Social |
| Revisor(a)    | Ricardo Pina   | Gerente de RH                           |
| Aprovador(a)  | Carla Assemany | Gerente de Comunicação                  |

### 15 REVIEW CONTROL

| Emissão    | Revisão | Descrição da Alteração |
|------------|---------|------------------------|
| 05/11/2018 | 00      | Versão Inicial         |
|            |         |                        |
|            |         |                        |