

## **REGULATION OF ORGANIZATION AND OPERATION OF THE BOARD OF DIRECTORS OF NUCLEARELECTRICA S.A. NATIONAL COMPANY**

### **I. GENERAL FRAMEWORK**

**Article 1. (1)** Nuclearelectrica S.A. National Company (hereinafter referred to as “SNN” or the “Company”) is managed in a unitary system by a Board of Directors (hereinafter referred to as “BoD” or “Board of Directors”), consisting of 7 members appointed by the Ordinary General Meeting of Shareholders.

(2) The members of the Board of Directors are elected for a 4-year term, and can be reelected. The mandate of the directors who appropriately fulfilled their duties can be renewed following an assessment process. The mandate of the directors appointed as a result of the cessation, in whatever form, of the mandate of the initial directors coincides with the remaining period of the mandate of the director who has been replaced.

(3) The majority of the members of the Board of Directors of SNN consists of non-executive and independent directors within the meaning of Art. 1382 of Law 31/1990, republished, with its subsequent amendments and additions, and within the meaning of the Corporate Governance Code of BVB (Bucharest Stock Exchange).

(4) BoD members must be able to allocate enough time to the company in order to fulfill their duties appropriately. The attendance of the sessions of the Board of Directors will be reflected in the Corporate Governance Statement, a part of the annual report of the company which will contain information regarding the participation in person/by mandate or the absence of the BoD members from the sessions held during the year in question.

### **II. ORGANIZATION AND DUTIES**

**Article 2 (1)** The members of the Board of Directors are appointed by the General Meeting of Shareholders (GMS), at the proposal of the operating Board of Directors or of the shareholders. BoD members conclude with the Company a mandate contract approved by the General Meeting of Shareholders, in accordance with the provisions of Government Emergency Ordinance (GEO) no. 109/2011.

(2) Each director must expressly accept to exercise the mandate.

(3) The members of the Board of Directors, a body which has the duties and the authority needed in order to adopt decisions with a potential impact on nuclear safety, must prove that they have the necessary knowledge, skills and attitudes, having been endorsed in this respect by the National Commission for the Control of Nuclear Activities (CNCAN) in accordance with the NSN-23 Rules “Nuclear safety rules on the training, qualification and authorization of the personnel of organizations operating nuclear facilities (NSN-23)”

(4) The members of the Board of Directors have the obligation to exercise their mandate with the prudence and diligence of a good director. The director does not violate this obligation if, at the time of making a business decision, he is reasonably entitled to consider that he is acting in the interest of the company and on the basis of appropriate information, while understanding the precedence which compliance with the conditions for the safe unfolding of nuclear activities takes over any other considerations. A business decision is any decision to take or not take certain measures regarding the administration of the company.

(5) The members of the Board of Directors will exercise their mandate with loyalty in the interest of the company.

(6) BoD members will not disclose confidential information and business secrets belonging to the company to which they have access in their capacity as directors. This obligation will continue to be incumbent on them after the cessation of their mandate as directors.

(7) Throughout the period of the mandate, the directors are not allowed to conclude an employment agreement with the company. In cases where the directors were appointed from among the company's employees, the individual employment agreement they have concluded will be suspended by operation of the law from the date of their acceptance of the mandate.

(8) The directors can be revoked at any time by the Ordinary General Meeting of Shareholders. If the revocation occurs without a just cause, the director is entitled to claim damages and interests.

(9) The revoked directors are not allowed to apply for 5 years from the date on which the resolution became final for other Boards of Directors as provided by GEO 109/2011, with its subsequent amendments and additions.

(10) Persons who are incompatible, according to the provisions of Law 31/1990 and of GEO 109/2011, with subsequent amendments and additions, or who have been convicted for fraudulent management, breach of trust, forgery and use of forgery, deception, embezzlement, false testimony, giving or taking bribes, as well as other criminal offences of the same nature, cannot be members of the BoD of SNN.

**Article 3 (1)** Each member of the Board of Directors must submit a statement of independence on the basis of the criteria provided for in Art. 1382 par. 2 of Companies Law no. 31/1990, and a statement of independence on the basis of the criteria provided for in point A.4 of the Corporate Governance Code of BVB both at the time of his nomination in view of election or reelection, and when any change of his status occurs, by indicating the elements on the basis of which he is considered to be independent in terms of character and judgment.

(2) The members of the Board of Directors will submit to the company, in view of publication on the SNN website, their résumés (CV) and information concerning executive and non-executive positions held in the Board of companies and non-profit institutions. Such information must be updated whenever changes occur.

**Article 4 (1)** The Chairperson of the Board of Directors is elected by the Board of Directors from among its members. The Chief Executive Officer of the Company cannot fill this capacity, even if he/she is a member of the Board of Directors. The Chairperson of the Board of Directors is appointed for a period that may not exceed the term of his mandate as director, and may be revoked at any time by the Board of Directors.

(2) The Chairperson coordinates the activity of the Board and reports on this matter to the General Meeting of Shareholders. The Chairperson monitors the smooth operation of the decision-making bodies of the company.

(3) If the Chairperson is temporarily unable to fulfill his duties, over the period of such inability, the Board of Directors may appoint another director to serve as Chairperson.

**Article 5 (1)** In case of vacancy of one or more director positions, the shareholders, including the Romanian state as shareholder, and as a public supervisory authority, may convene the General Meeting of Shareholders in view of appointing one or several provisional directors, until the completion of the directors' selection procedure, according to the legislation in force, and the Board of Directors proceeds to appointing provisional directors, until the gathering of the Ordinary General Meeting of Shareholders. The shareholders, including the state as shareholder, and as the public supervisory authority, may present, in the general meeting of shareholders, their proposals of candidates.

(2) If the vacancy set forth in par. (1) results in a decrease of the number of directors below the minimum statutory limit, the shareholders, including the state as shareholder, and as the public supervisory authority, whether individually or

together, may convene, at once, the General Meeting of Shareholders in order to add the necessary number of provisional directors to the other members of the Board of Directors, until the completion of the directors' selection procedure, according to GEO no. 109/2011. To this end, the shareholders, including the state as shareholder, and as the public supervisory authority, may present, in the general meeting of shareholders, their proposals of candidates.

(3) In the situations set forth in par. (1) and (2), the term of the mandate is 4 months, with the possibility of extending it, for justified reasons, to a maximum of 6 months.

(4) If the selection procedure is suspended or cancelled by a law court, the provisional director's mandate is maintained until the appointment of the new director.

**Article 6 (1)** Within a maximum of 30 days from the date of its appointment, the Board of Directors drafts a proposal for the administration component of the administration plan, in view of meeting the financial and non-financial performance indicators.

(2) The administration component provided for in par. (1) is complemented by the management component prepared by managers appointed in accordance with Art. 35 of GEO no. 109/2011, with its subsequent amendments and additions. The administration plan is subject to analysis and approval by the company's Board of Directors.

(3) Within 5 days from approval of the administration plan, by care of the Chairperson of the Board of Directors, the General Meeting of Shareholders is convened in view of negotiating and approving the financial and non-financial performance indicators which resulted from the administration plan.

(4) The negotiation of the financial and non-financial performance indicators founded on the administration plan and the letter of expectations takes place within 45 days from the date of communication thereof to the public supervisory authority. If, upon expiry of such time period, the negotiation is not completed, the time period may be extended only once by a maximum of 30 days, at the request of any party involved.

(5) In case of failure of the two rounds of negotiations, the members of the Board of Directors are revoked, without right to claim damages and interests. In such a case, the result of the negotiation must be justified and published on the company's own webpage.

(6) The financial and non-financial performance indicators, negotiated and approved by the general meeting of shareholders, are elements in relation to which the variable component of the remuneration for the company's directors and managers appointed in accordance with Art. 35 of GEO no. 109/2011, with its subsequent amendments and additions, is determined.

(7) The assessment of the directors' activity is performed annually by the general meeting of shareholders, where applicable, with the help of experts in such assessments, and it targets the performance of both the mandate contract and the administration plan.

**Article 7** The company is obliged to conclude professional liability insurance policies for the directors in accordance with Art. 35 of GEO no. 109/2011.

**Article 8 (1)** The remuneration of the members of the Board of Directors is set by the general meeting of shareholders according to the structure and within the limits provided for by par. (2) and (4) below.

(2) The remuneration of non-executive members of the Board of Directors consists of a fixed monthly allowance and a variable component. The fixed allowance may not exceed twice the average of the monthly gross salary earnings over the last 12 months for the activity performed according to the main scope of business registered by the company, at class level, according to the national classification of economic activities, communicated by the National Institute of Statistics prior to the appointment. The variable component is set on the basis of financial and non-financial performance indicators

which were negotiated and approved by the general meeting of shareholders and which seek, among other things, the long-term sustainability of the company and the assurance of compliance with the principles of good governance. The amount of the variable component for non-executive members may not exceed a maximum of 12 monthly fixed allowances.

(3) The remuneration of the executive members of the board of directors consists of a fixed monthly allowance that may not exceed 6 times the average of the monthly gross salary earnings over the last 12 months for the activity performed according to the main scope of business registered by the company, at class level, according to the national classification of economic activities, communicated by the National Institute of Statistics prior to appointment, and of a variable component. The variable component will be founded on the financial and non-financial performance indicators, as negotiated and approved by the general meeting of shareholders.

(4) The financial and non-financial performance indicators used for the calculation of the variable component of the remuneration of the members of the board of directors will be approved separately for each category of directors, executive and non-executive, in accordance with the methodology provided for in Art. 31 par. (5) of GEO no. 109/2011, with its subsequent amendments and additions.

(5) The variable component of the remuneration of the members of the board of directors is reviewed on a yearly basis, depending on the level of achievement of the goals comprised in the administration plan and the degree of achievement of the financial and non-financial performance indicators approved by the general meeting of shareholders, attached to the contract of mandate.

(6) The general meeting of shareholders will make sure, when establishing the monthly fixed allowance for each member of the board of directors, determined according to par. (2) and (4), that it is justified in relation to the specific duties, responsibilities within some advisory committees, the number of sessions, the performance goals and criteria set in the contract of mandate.

**Article 9 (1)** The responsibilities of the Board of Directors are as provided in Law no.31/1990, GEO no. 109/2011, the Articles of Incorporation of the Company and the Contract of Mandate concluded with the Company.

(2) The Board of Directors is in charge of performing all the necessary and useful acts, in order to achieve the Company's scope of business, except for those reserved by law to the General Meeting of Shareholders.

(3) The Board of Directors has the following duties, which cannot be delegated to managers:

- a) establishing the main directions for the Company's business and development;
- b) establishing the accounting policies and the financial audit system, as well as approving the financial planning;
- c) appointing and revoking managers, as well as establishing their remuneration;
- d) overseeing the activity of the Chief Executive Officer and of the Managers;
- e) preparing the annual report, organizing the General Meeting of Shareholders and implementing the resolutions thereof;
- f) filing the petition for the initiation of the insolvency procedure of the company, according to Law no. 85/2006 on the insolvency procedure;
- g) approving the amendment of the scope of business, without being related to the company's main field and business;

(4) The Board of Directors also has the following duties:

- a) exercises control over the manner in which the Chief Executive Officer and the other Managers govern the Company;
- b) approves the revenues and expenditures budget;

- c) approves the management plan prepared by the Chief Executive Officer and/or other Managers;
- d) within 30 days from his appointment, he drafts and submits to the General Meeting of Shareholders, for approval, a proposal for the administration component of the administration plan, in view of achieving the financial and non-financial performance indicators, supplemented by the management component prepared by the managers;
- e) checks whether the activity performed on behalf and on account of the Company is compliant with the law, with the Articles of Incorporation and with any relevant resolution of the General Meeting of the Shareholders;
- f) orders on-the-spot checks concerning the understanding of the nuclear safety culture within the Company, following information received from the departments in charge;
- g) submits to the General Meeting of Shareholders an annual report on the administration activity;
- h) represents the Company in relation to the Chief Executive Officers and the appointed Managers;
- i) checks and approves the quarterly, half-yearly and yearly financial statements of the Company;
- j) checks and approves the Report of the Chief Executive Officer and the Reports of the Managers;
- k) proposes to the General Meeting of Shareholders the appointment and revocation of the financial auditor, as well as the minimum term of the audit contract;
- l) approves the mandate contracts of the Chief Executive Officer and of the appointed Managers, thus establishing the manner of organization of the activity of the managers;
- m) approves the persons empowered to negotiate the Collective Employment Agreement with the representative trade unions and/or with the representatives of the employees, as well as the negotiation mandate granted to them;
- n) approves the Collective Employment Agreement at Company level; approves the Regulation of Organization and Operation of the Board of Directors;
- o) approves the activity programs (production, research & development, technological engineering, investment, etc.) and the affiliation of SNN to domestic and international organizations;
- p) approves the strategy for energy sale transactions of the Company;
- q) approves any transaction of the company with any of the companies with which it has close relations whose value is equal to or above 5% of the net assets of the company (according to the latest financial report) following a mandatory opinion of the Audit Committee of the Board which is disclosed to shareholders and potential investors in a correct manner, insofar as such transactions fall into the category of events which are subject to reporting requirements.
- r) approves the conclusion of any contract/document which gives rise to legal obligations for the Company (acts of acquisition, alienation, exchange or pledge as guarantee for non-current assets belonging to the Company), the value of which does not exceed, individually or cumulatively, over the period of a financial year, 20% of the total non-current assets of the Company less receivables, in compliance with the competence limits set out in the Annex to these Articles of Incorporation;
- s) approves the rental of tangible assets, for a period longer than one year, whose individual or cumulative value in relation to the same co-contractor or persons involved or acting in concert does not exceed 20% of the value of total fixed assets, less receivables on the date of conclusion of the legal deed, as well as the associations over a period longer than one year which do not exceed the same value;
- t) approves the mandate of the representatives of Nuclearelectrica in the General Meeting of

## Shareholders

of S.C. Energonuclear S.A. for all decisions falling under the responsibility of the General Meeting of Shareholders of S.C. Energonuclear S.A., with the exception of those for which a resolution of the General Meeting of Shareholders of the Company is required, according to the provisions of these Articles of Association.

- (4) The Board of Directors is responsible for the endorsement/approval of the contracts, loans and various operations at the level of the Company, according to the competence limits set out in the Annex to these Articles of Incorporation of SNN.
- (5) SNN BoD members are jointly liable towards the Company for:
  - a) the reality of the payments made by the shareholders;
  - b) the actual existence of the dividends paid;
  - c) the existence of registers required by the legal provisions in force and the correct management thereof;
  - d) the exact fulfillment of the resolutions of SNN's General Meeting of Shareholders;
  - e) the strict compliance with the duties incumbent on them in accordance with the legal provisions in force and with those of the Articles of Incorporation.
- (6) The BoD of SNN submits, quarterly and half-yearly, to the General Meeting of Shareholders of SNN, a report on the administration activity, including information regarding the implementation of the managers' contracts of mandate, details regarding operational activities, the financial performance of the company and the quarterly and half-yearly (biannual) accounting reports of the Company.
- (7) The Board of Directors endorses all the materials submitted for approval to the General Meeting of the Shareholders.

### **III. OPERATION OF THE BOARD OF DIRECTORS**

**Article 10 (1)** The BoD of SNN carries out its activity in accordance with its own Regulation of Organization and Operation and decides on all matters concerning the company's business, except for those which, according to the law and/or the Articles of Incorporation, fall under the responsibility of the General Meeting of the Shareholders. The Board of Directors meets at least once every 3 months. The Chairperson convenes the board of directors, sets the agenda, sees to the appropriate information of the Board members with regard to the items in the agenda and presides the meeting.

(2) The Board of Directors usually meets at the company's headquarters, or operational meetings of the Board of Directors may be organized by means of remote communication, which need to meet the necessary technical conditions for the identification of participants, their actual participation in the sessions of the Board of Directors, and the constant retransmission of deliberations (telephone, videoconference or other communication equipment).

(3) The meetings of the Board of Directors shall be convened as follows:

- a) by the Chairperson of the Board of Directors (or by a member of the Board of Directors on the basis of a mandate granted by the Chairperson) whenever necessary, but at least once every 3 (three) months;
- b) by the Chairperson of the Board of Directors, on the basis of the substantiated request of two members of the Board of Directors or of the Chief Executive Officer, provided that the items included in the request fall within the duties of the Board of Directors;
- c) by two members of the Board of Directors, if the Chairperson fails to convene the meeting of the Board of Directors as referred to under points (a) and (b) above.

(4) In exceptional cases, substantiated by the urgency of the situation and the interest of the company, the decisions of the Board of Directors may be adopted by the members' unanimous vote expressed in writing, without meeting. In order to adopt a decision without meeting, it is necessary for the proposal to be communicated in writing, including by e-mail and accompanied by the related documentation, prior to the adoption of the decision. This procedure may not be applied for the decisions of the Board of Directors related to the financial statements or the authorized capital.

(5) The sessions of the Board of Directors shall be convened by a notification sent at least 3 (three) business days before the date proposed for holding the session. The notification period will not include the day of transmission, nor the day on which the meeting is to take place. The notification will be transmitted to all the members of the Board of Directors, according to the provisions of the Articles of Incorporation.

(6) If the Board of Directors is convened at the request of two of its members or of the Chief Executive Officer, the convening notice will be submitted within a maximum of 7 (seven) days after receipt of the request.

(7) The convening notice of the meeting of the SNN BoD will be transmitted to each member of the SNN BoD in writing, by fax or by e-mail. Each member of the SNN BoD is required to notify the Company in writing, by fax or by e-mail, about any change of its e-mail address and/or fax number, as the case may be, and the Company may not be held liable in respect of any rules regarding the convening if the change of e-mail address and/or of the fax number has not been notified in this manner by the concerned member of the BoD of SNN.

(8) The convening notice regarding the meeting of the SNN BoD will mention the date and time of the meeting, as well as the fact that it will take place at the Company's headquarters (unless the convener mentions another place, case in which the address will also be mentioned). The convening notice for the meeting of the SNN BoD will also mention the agenda and will comprise, as a rule, the entire documentation related to the items on the agenda to be discussed during the meeting.

**Article 11 (1)** The agenda of the BoD meetings, the date proposed and the documents submitted for analysis are brought to the knowledge of the BoD members by the SNN BoD's secretary.

(2) In the agenda of the SNN BoD meetings, the following issues should be clearly highlighted:

- (i) the materials subject to approval;
- (ii) the materials to be endorsed; (iii) the materials of an informative nature;
- (iv) various other issues requiring or not the adoption of a decision within the meeting in question.

(3) If the agenda contains topics proposed by the SNN BoD members, the initiator of each of these must be specified.

**Article 12** The debates of the Board of Directors take place according to the agenda set and communicated by the secretary of the BoD at least 3 business days prior to the meeting. The SNN BoD can only decide on matters that are not included in the agenda in cases where the majority of members present agree to include them in the agenda.

**Art. 13 (1)** For topics included in the agenda which require the endorsement or approval of the SNN BoD, the chairperson of the meeting will expressly request the vote of BoD members.

(2) SNN BoD members will vote "in favor", "against" or "abstention" with regard to each item in the agenda and they are obliged to substantiate their vote "against" or "abstention", their arguments having to be

mentioned in the minutes of the meeting. Conditional votes or partial votes are not acceptable. Votes are granted in respect of the materials subjected to the debate, as mentioned in the items on the agenda, with the amendments/additions agreed by the majority of SNN BoD members present.

**(3)** In cases where:

- a) the vote is not transmitted by the deadline specified in the convening notice, the SNN BoD member concerned is considered to be absent;
- b) the vote of the BoD member is not explicitly “in favor” or “against”, the vote is considered as “abstention”;
- c) In cases where the majority of SNN BoD members do not vote, abstain or expressly request the postponement of the vote, the topic subjected to the debate is rescheduled for the following meeting.

**Article 14 (1)** For the decisions to be valid, it is necessary that the majority of SNN BoD members be present, and the decisions are adopted by the majority of the present members’ votes. The members of the Board of Directors can only be represented in meetings by other members of the Board of Directors on the basis of a Special Power of Attorney or a general discretionary mandate. The general mandate or special power of attorney will be transmitted to the secretary at the latest on the day of the BoD meeting. A member of the Board of Directors may only represent a single absent member.

(2) The decision regarding the appointment or revocation of the Chairperson of the SNN BoD is adopted with the vote of the majority of the SNN BoD members.

(3) The Chairperson of the Board of Directors will have the casting vote in case of vote parity.

(4) SNN BoD members may exercise any act in relation to the administration of the Company in its interest, within the limit of the rights granted to them.

**Article 15 (1)** In each meeting of the Board of Directors, its minutes are prepared by the secretary, which minutes contain the list of the directors present, the agenda, the resolutions adopted, the number of votes expressed and the separate opinions expressed by the BoD members.

(2) The register of minutes, as well as any audio/video recordings of the meetings will be kept by the secretary, and they may be consulted by the BoD members, at the headquarters of the Company.

(3) The Managers/Heads of Departments, internal auditors and other guests may attend the meetings of the Board of Directors, without having the right to vote.

**Article 16 (1)** The secretary is appointed by Decision of the Board of Directors and he must be an employee of the Company.

(2) The secretary of the Board of Directors has the following responsibilities:

- (i) To ensure the preparation, organization and unfolding of the meetings of the Board of Directors from an administrative standpoint;
- (ii) To draw up the agenda of the meetings on the basis of the draft handed over by the Chairperson of the Board of Directors/ by two of the BoD members or by the Chief Executive Officer;
- (iii) To transmit electronically to the members a full set of the documents subjected to the approval of/endorsement of/for information purposes to the BoD members 3 business days prior to holding the meeting, with the exception of documents containing confidential information or those whose disclosure might prejudice the company; such documents will be made available to the directors on the day of the meeting, before its

commencement, and will be returned to the secretary immediately after the end of the meeting

- (iv) To prepare the meeting folders with the documents to be subjected to the approval of/endorsement of/for information purposes to the BoD members;
- (v) To draw up the minutes and decisions related to the items recorded in the agenda of the BoD meeting.
- (vi) To ensure a viable system for the transmission of the decisions of the Board of Directors to the persons in charge of implementing them.

**“Article 17 (1)** The decisions of the BoD must be signed by the BoD Chairperson and by at least another member of the Board of Directors, other than the Chief Executive Officer. The decisions of the BoD will be endorsed by the Director of the Legal Directorate or his substitute and by the Secretary of the BoD.

**(2)** The minutes of the BoD meetings must be signed by all members attending the meeting, including for the members who granted mandate as principals. These minutes are recorded by filing in a register of minutes which is sealed and initialed, they are signed, numbered and stamped on each page. The minutes will be signed on each page by the Secretary of the BoD. A copy of the minutes is to be kept on file for each BoD meeting.

**(3)** In cases where the signatories of the minutes and of the decisions related to the meetings of the Board of Directors are unable to sign them holographically, the minutes will be signed by electronic signature. Also, the minutes will be drafted, depending on the duration of the discussions related to the agenda items of the meeting in question, in the shortest time possible from the date on which the meeting of the Board of Directors took place.

**(4)** The decisions of the Board of Directors are recorded in a register of decisions which is sealed and initialed, they are signed, numbered and stamped on each page. The decisions of the BoD will be signed on each page by the Secretary of the BoD. A copy of the decisions is to be kept on file for each BoD meeting. In cases where it is necessary to transmit the BoD decision to other authorities (the public supervisory authority, state institutions, etc.), the decisions concerned will be signed in several original counterparts.

**(5)** The BoD decisions, as well as the minutes, will be typed and sealed in the special registers mentioned above.

**Article 18 (1)** The competence of making decisions related to the administration and governance of the Company, as well as liability under the law, in relation to the effects thereof, are incumbent on the SNN BoD and the managers, if governance responsibilities were delegated to them, according to the provisions of Law no. 31/1990, GEO no.109/2011 and of the Articles of Incorporation.

**(2)** The CEO and/or the managers to whom responsibilities were delegated by decision of the SNN BoD are held responsible before the SNN BoD for fulfilling the tasks entrusted to them by way of delegation.

#### **IV. ADVISORY COMMITTEES**

**Article 19 (1)** In the case of the SNN BoD, the Nomination and Remuneration Advisory Committee and the Audit Advisory Committee are mandatorily established. The Audit Advisory Committee and the Nomination and Remuneration Advisory Committee are composed of non-executive directors only. At least one member of the Advisory Audit Committee should have experience in applying accounting principles or in financial audit.

**(2)** The Nomination and Remuneration Advisory Committee makes proposals for the positions of member of the Board of Directors, CEO and Managers, prepares and proposes to the Board of Directors the procedure of selection of the members of the Board of Directors,

the CEO, the Managers, as well as for other management positions, formulates proposals regarding the remuneration of the CEO, Managers and other management positions, leads the procedure of nomination of new BoD members and makes recommendations.

(3) The Advisory Audit Committee fulfills the duties laid down as incumbent on this committee under the legislation governing the statutory audit of financial statements. The Audit Committee must consist of three members and the majority of members must be independent. The Advisory Audit Committee must perform an annual assessment of the internal control system which should take into account the effectiveness and scope of the internal audit function, the degree of adequacy of the risk management and internal control reports submitted to the Audit Committee of the Board, the promptness or the weaknesses identified as a result of the internal control and the submission of relevant reports to the attention of the Board. Also, the Advisory Audit Committee must assess the conflicts of interests in relation to the transactions of the company with affiliated parties. The majority of members, including the Chairperson of the Advisory Audit Committee, must have proved that they have proper qualification relevant to the functions and responsibilities of the Committee. At least one member of the Audit Committee should have experience in applying accounting principles or in financial audit.

(4) Advisory committees, other than those mentioned in par. (2) and (3) above, as well as the Advisory Committee for Nuclear Safety, the Committee for Strategy, Development and Large Investment Projects or any other committee, whether permanent or temporary, which is required for the proper operation of the Board of Directors, consist of at least 2 (two) members of the Board of Directors, and at least one member of each Advisory Committee must be an independent non-executive director. The actual number of members of each advisory committee will be established by decision of the Board of Directors.

(5) The Board of Directors will decide with regard to the additional duties of the Nomination and Remuneration Committee and of the Advisory Audit Committee, as well as with regard to the duties of the other Advisory Committees which it establishes.

(6) The Advisory Committees will each have a Chairperson and a secretary appointed from among the employees of SNN with duties in the activity field of the Committee concerned. The Chairperson of the Audit Committee must be an independent non-executive member.

(7) The Advisory Committees are in charge of performing investigations and preparing recommendations for the Board of Directors, in the specific fields of activity, being bound to periodically submit activity reports to the Board of Directors.

(8) At the proposal of the Chairpersons or of the members of Advisory Committees, the Board of Directors may approve the hiring of independent external permanent experts, natural persons or legal entities, specialists in the fields of activity of the Advisory Committees, who will assist the members thereof in their work, and will also establish the remuneration of such experts.

(9) Each of the advisory committees set up within the SNN BoD must draw up its own regulation of organization and operation, which will be submitted for approval to the SNN BoD.

(10) The SNN BoD may unite the regulations of the advisory committees into a single joint regulation for the organization and operation of these committees.

(11) Each advisory committee prepares each year an activity report that will be included in the corporate governance declaration, which is part of the annual report of the company.

## **V. MANAGEMENT OF THE CONFLICT OF INTERESTS AND TRANSACTIONS WITH THE PERSONS INVOLVED**

**Article 20.** Members of the Board of Directors will adopt decisions in the sole interest of the company and will not take part in any debates or decision-making which creates conflict between their personal interests and those of the Company.

**Article 21.** Each member of the Board of Directors ensures the avoidance of a direct or indirect conflict of interests with the Company and, in case of occurrence of such a conflict, they will refrain from debating and voting on such issues, in compliance with the applicable legal provisions.

**Article 22.** Any member of the Board of Directors must submit to the Board of Directors of SNN information regarding any relation to a shareholder that directly or indirectly owns shares representing over 5% of all voting rights. This obligation refers to any relation that may affect the member's position with regard to issues decided upon by the Council.

**Article 23.** In order to ensure the correctness of transactions with the involved parties, members of the Board of Directors will resort to the following criteria, without limitation thereto:

- maintaining the competence of the BoD or of the GMS, as applicable, to approve the most important transactions. In the case of transactions with affiliates, SNN will comply with the provisions of Art. 52 par. (5) GEO 109/2011, with its subsequent amendments and additions;
- Any transaction with a value equal to or higher than 5% of the net assets of the company is approved by the Board of Directors, following a mandatory opinion of the Advisory Audit Committee of the Board;
- requesting a prior opinion on the most important transactions from the part of the internal control structures (the Advisory Audit Committee and the Internal Audit Department);
- entrusting the negotiations with regard to such transactions to one or more independent directors or to directors who have no relation to the involved parties in question;
- resorting to independent experts.

**Article 24.** The Board of Directors will inform the shareholders, within the first GMS following the conclusion of the legal deed, about any transaction concluded by SNN, as a public enterprise, with another public enterprise or with the public supervisory authority, if the transaction has a value, individually or as a series of transactions, of at least the RON equivalent of EUR 100,000.

**Article 25.** The Board of Directors will quarterly approve an informative report regarding the purchase of goods, services and works whose value is higher than 500,000 euros/purchase (for purchases of goods and works) and 100,000 euros/purchase (for services), which report will be published on the website of the company.

**Article 26.** The Board of Directors will publish, on a yearly basis, on the SNN website, a report regarding the sponsorships awarded during the previous year.

## **VI. TRANSMISSION AND MONITORING OF THE IMPLEMENTATION OF BoD DECISIONS**

**Article 27.** The SNN BoD decisions are disseminated to the departments that forwarded for approval/endorsement/information purposes the documents concerned by the secretary of the BoD within a maximum of 4 days from the date of the BoD meeting, and in the case of those that were transmitted in view of their settlement and for which a deadline of implementation was set, the persons in charge, method of implementation, causes and measures taken in case of failure to implement them will be highlighted. The decisions are also transmitted to the BoD members and to all stakeholders in charge of their implementation and monitoring.

**Article 28.** The CEO/Managers inform/s in writing the Chairperson of the Board of Directors and, where applicable, the members of the Board of Directors about the degree of implementation of the decisions by the due deadline.

## **VII. ASSESSMENT OF THE ACTIVITY OF THE BOARD OF DIRECTORS**

**Article 29. (1)** The Board of Directors will prepare a guide for the assessment of its activity on a yearly basis.

(2) The assessment may be carried out by an independent expert contracted by the Board of Directors.

(3) The assessment will be aimed at improving the decision-making process, effectiveness in achieving BoD goals, understanding and checking adherence to the nuclear safety culture within the Company, as well as proposing improvement measures.

## **VIII. LIABILITY OF THE SNN BoD MEMBERS**

**Article 30.** SNN BoD members are liable for fulfilling all their duties and obligations under the law.

**Article 31.** The members of the Board of Directors will exercise their mandate with loyalty, in the interest of the company.

**Article 32.** Members of the Board of Directors will not disclose confidential information or the trade secrets of the company to which they have access in their capacity as directors. This obligation will continue to be incumbent on them after the cessation of their mandate as directors.

**Article 33. (1)** Directors are held liable before the company for prejudices caused by acts accomplished by the managers or the hired personnel, in cases where the damage would not have occurred if they had exercised the supervision imposed by the duties pertaining to their position.

(2) Directors are liable jointly with their immediate predecessors if, being aware of any irregularities committed by such predecessors, they do not inform the internal auditors and the financial auditor about those irregularities.

(3) In companies comprising several directors, the liability for acts committed or for omissions does not extend to directors who had recorded their opposition, in the register of the Board of Directors' decisions, and who informed about this, in writing, the statutory auditors or the internal auditors and the financial auditor.

## **IX. FINAL PROVISIONS**

**Article 34 (1)** SNN BoD members, as well as the managers of the Company, are obliged to be aware of and to comply with the provisions of this Regulation.

(2) This Regulation of Organization and Operation of the Board of Directors is binding on all members of the Board of Directors regardless of the time at which they were appointed to office and regardless of the status, nature and capacity of the director who proposed them for such position.

**Article 35.** The amendment of this Regulation of Organization and Operation may only be made by the SNN BoD.

**Article 36.** This Regulation of Organization and Operation was approved by the SNN BoD on 15<sup>th</sup> March 2021, becoming effective as of the date of approval.