CERTIFIED MANAGEMENT SYSTEM
ISO 37001

NUCLEARELECTRICA

REMUNERATION POLICY OF NUCLEARELECTRICA S.A. NATIONAL COMPANY

March 2021

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1. Nuclearelectrica SA National Company Overview

Nuclearelectrica S.A. National Company, hereinafter referred to as S.N. Nuclearelectrica S.A. or SNN, is a Romanian legal entity, legally organized as a joint-stock company, incorporated in virtue of GR no. 365/1998 following the reorganization of the Autonomous Electricity Administration “RENEL”.

The registered office of S.N. Nuclearelectrica S.A. is in Romania, Bucharest, No. 65, Polona Street, District 1.

S.N. Nuclearelectrica S.A. is registered with the Trade Register under no. J40/7403/1998, and its goal is the generation and sale of electricity, by performing trading, in full observance of the applicable law, according to its scope of activity, NACE 3511 “Production of electricity”.

According to the articles of incorporation, the company is managed in a one-tier system. The executive body of the Company is the Board of Directors, composed of 7 (seven) members, of whom at least 4 (four) members must be independent directors. The members of the Board of Directors are elected for a 4-year term and can be reelected. The members of the Board of Directors are elected by the Ordinary General Meeting of Shareholders, in compliance with the legal provisions.

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.

The attributions of the Board of Directors are provided in the articles of incorporation of the company and in the mandate contracts concluded by the company cu with the members of the Board of Directors.

2. Defining terms and expressions

Articles of Incorporation	The Articles of Incorporation of the Company, approved by the General Meeting of Shareholders of the Company
Officer	Member of the Board of Directors, Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer
Board of Directors (BoD)	A corporate body composed of the directors of the Company in a one-tier management system
Director	A member of the Board of Directors, including the Chairman of the Board of Directors
Officer	A person who concluded with the company a mandate contract for fulfilling company management attributions in a one-tier management system, as provided under article 143, par. (1) and (5) of Law no. 31/1990
Applicable legal	All the Romanian legal norms comprised in GEO no. 109/2011on the corporate governance of public companies, Law on companies 31/1990, GR

framework	no. 722/2016, Law on the issuers of financial instruments and market operations no. 24/2017, and other legislative acts that are applicable to this policy
Remuneration	Is composed of a fixed monthly indemnification and a variable component set by complying with the provisions of Law no. 31/1990, and GEO no. 109/2011
Conflict of interests	Any situations or circumstances determined/determinable pursuant to the applicable legal framework, wherein the direct or indirect interest of the officer is contrary to the interest of the Company, so that it affects or might affect the independence and impartiality thereof in business decision-making or the timely and objective fulfillment of the duties incumbent thereupon during the exercise of the mandate thereof for the *Company*
Performance measurement	The methodology based on which a public supervisory authority assesses the results of its public enterprises in relation to the objectives, targets and mission established by the public supervisory authority for them
Key performance indicators (KPI)	Quantitative and qualitative measurement tools for financial and non-financial performance, indicating the achievement of quantifiable objectives in relation to specific performance targets
Financial performance indicators	Performance measurement tools, used to determine the efficiency of the usage of resources to generate revenue, cover costs, and earn profit
Non-financial performance indicators	Performance measurement tools, determining how well the Company is using the resources
Results	The effects of the Company's activity, having an impact either on the creation or delivery of value, or on the reduction or decrease of value
Target	A numeric value of the performance indicator with reference to the period of time that the indicator was established for, which meets a performance objective

3. General principles of the remuneration policy

The goal of the remuneration policy is to provide a transparent framework whereby the officers of the company are remunerated according to clear principles, designed to prove the alignment of the interests of the persons with decisional power in the company, with the interests of the shareholders and other involved parties.

Remuneration policy and its application:

- ✓ will aim at the compatibility with the solid and effective administration of risks, promotes this type of administration, without encouraging the assumption of risks which does not comply with the risk profile, the rules or the articles of incorporation of the company;
- ✓ will be compatible with the business strategy, objectives, values and interests of SNN, and other stakeholders, comprising measures for avoiding conflicts of interests

For this purpose, the remuneration policy details the principles that are at the basis of the officers' remuneration, all the remuneration elements to which they are entitled, and the substantiation of granting these remunerations in relation to the short, medium and long term objectives of the company, according to the provisions of GEO no. 109/2011 on the corporate governance of public companies, corroborated with the provisions of Law no. 24/2017 on issuers of financial instruments and market operations.

The remuneration policy is applicable to the members of the Board of Directors and to the officers who signed mandate contracts with Nuclearelectrica SA National Company

The objectives of this policy consist of:

- Setting clear remuneration thresholds and guidelines;
- Setting the remuneration structure;

The principles that govern this policy are according to the provisions of art. 37, art. 38 and art. 39 of GEO no. 109/2011 on the corporate governance of public enterprises, corroborated with the provisions of Law no. 24/2017 on issuers of financial instruments and market operations, and they ensure:

- A separate remuneration structure for the members of the Board of Directors and for the officers of the company under mandate contracts;
- Setting the remuneration structure and the limits of the officers' remuneration, according to the legal provisions that are applicable to public enterprises[1], namely: Law on companies no. 31/1990, Emergency Ordinance no. 109/2011 approved by Law no. 111/2016 and Government Resolution no. 722/2016;
- A remuneration system composed of a gross monthly fixed indemnification and a variable component granted depending on the achievement of the performance indicators set according to the strategic objectives of the company and its management plan.

The remuneration of the company officers requires a sound substantiation, formulated based on a compared study on the remuneration conditions for similar positions from companies that operate in the same field of activity, with majority state capital from Romania and other European states, as the case may be, by considering:

- The importance of the company on the energy market - as SNN is a strategic company in

[1] According to art.2, par. (2), let. b) of GEO no. 109/2011, S.N. Nuclearelectrica S.A. is a public company, a national company, where the state is a majority shareholder

the field of electricity, the complexity and exigence of complying with the requirements for operating the production capabilities under nuclear safety and security conditions, at the standards imposed by the national and international regulation bodies;

- The necessity of attracting and keeping in the management of the company specialists and officers with relevant expertise and experience in the energy field, and in a wide range of activities on national and international level

4. Decisional process in relation to the remuneration policy

According to the provisions of Law on companies no. 31/1990, of GEO no. 109/2011 and of the Articles of Incorporation of SNN, decisions on the remuneration policy of the company officers are taken as follows:

a) The public supervisory authority has the following duties:

- to monitor and assess by its representatives in the general meeting of shareholders the performance of the board of directors, in order to ensure, on behalf of the state, that the economic efficiency and profitability principles are observed in the operation of the company;

- to mandate its representatives in the general meeting of shareholders to negotiate and approve the financial and non-financial performance indicators for the board of directors;

- to monitor and assess, through its own corporate governance structures, the financial and non-financial performance indicators attached to the mandate contract;

b) The General Meeting of Shareholders has the following duties:

- approves the remuneration policy regarding the officers of the company, as well as on the occasion of each significant change and, in any case, at least once every 4 years;

- establishes the level of remuneration for the members of the Board of Directors, as well as the terms and conditions of the mandate contract concluded by the company with the members of the Board of Directors;

- establishes the general limits of remuneration of the Chief Executive Officer and officers;

- submits for voting within the annual Ordinary General Meeting of Shareholders, the remuneration report related to the most recent financial year, with Shareholders' opinion resulting from the vote, having an advisory nature. The feedback of the shareholders in relation to the Remuneration Policy will be taken over either from the questions they asked before the GMS, or from the actual debates within the GMS, as provided in the minutes, and must be considered when revising the Policy.

c) The Board of Directors has the following duties:

- appointing and revoking officer and establishing the remuneration thereof

- approves the mandate contracts of the Chief Executive Officer and of the appointed officers, thus establishing the manner of organization of the activity of the officers

- revises the Remuneration Policy, as part of the package of documents which will be submitted for the approval of the shareholders.

d) The Nomination and Remuneration Committee has the following duties:

- Drafts recommendations on the level of the variable component of the remuneration of the members of the Board of Directors;

- Formulates proposals on the remuneration of the officers and other management positions appointed by the Board of Directors;

- Formulates recommendations to the Board of Directors regarding the remuneration policy and the modifications operated thereon;
- Drafts recommendations regarding the verification of the compliance with the conditions of derogation from the Remuneration Policy;

- Formulates proposals on assessing the compliance with the key performance indicators (KPI) and calculating the variable remuneration, including the impact of potential malus and/or claw-back provisions;

- Submits for the approval of the Board of Directors, in order to be approved by the General Meeting of Shareholders, the remuneration policy for the directors and officers of the company;

- Submits to the Board of Directors an annual report on the total amount of the directors' and officers' remuneration, separated by the fixed and variable component of these remunerations and other advantages granted to them.

- Drafts recommendations on the remuneration report.

5. Remuneration structure

5.1. Board of Directors

According to art. 37 of GEO no. 109/2011 regarding the corporate governance of public enterprises, the remuneration of the members of the board of directors of SNN is determined by the general meeting of shareholders in the structure and limits stipulated in this ordinance.

The remuneration of the members of the board of directors is composed of a monthly fixed indemnification and a variable component consisting of a participation share from the net profit of the company, a pension system or another form of remuneration based on the performance indicators.

The monthly fixed indemnity of the non-executive members of the board of directors cannot exceed the average over the last 12 months of the monthly gross average earnings in the branch where the company operates, communicated by the National Institute of Statistics prior to the appointment.

The monthly fixed indemnity of the executive members of the board of directors cannot exceed 6 times the average over the last 12 months of the monthly gross average earnings in the branch where the company operates, communicated by the National Institute of Statistics prior to the appointment.

The level of the variable component is determined according to well-grounded recommendations, formulated against a comparative study on the conditions of remuneration for similar positions in companies in the same field, with majority or full state-owned capital in Romania and other European countries, by the nomination and remuneration committee or, as applicable, by the human resources recruiting experts whose services were contracted in order to make the selection procedure of the members of the board of directors.

The general meeting of shareholders will ensure, when setting the monthly fixed indemnification of each member of the board of directors, that it is justified in relation to specific duties, attributions within the advisory committees, the number of meetings, the performance objectives and criteria set in the mandate contract.

The variable component of the remuneration is granted subject to the cumulative fulfillment of the targets related to the key performance indicators set out under the mandate contract, as follows:

a. The annual variable component shall be granted in a percentage of 100%, if the key performance indicators cumulatively meet an achievement percentage equal to or above 100%;

b. The annual variable component is granted pro rata, in relation to the months of activity during the last year of the mandate;

c. The annual variable component is granted in a percentage reduced by the degree of achievement of the key performance indicators, if these cumulatively meet, within the financial year, an achievement percentage less than 100%, but not lower than 75%. If the key performance indicators cumulatively record, within a financial year, an achievement percentage below 75%, the annual variable component is not granted. The calculation formula is:

• PrICP = 100% results PrCv = 100%

• 75%≤PrICP <100% results PrCv = PrICP achieved (%)

• PrICP<75% results PrCv = 0%

where: PrICP – achievement percentage of the Key Performance Indicator

PrCv – granting percentage of the Variable Component

d. The value of the short-term, medium-term and long-term variable component is determined by applying the percentage ratios in the mandate contract, resulting the payable value of the variable component for each year of mandate according to the following algorithm:

Variable component	Calculation algorithm
Mandate year 1	80% for reaching the objectives from mandate year 1 (short term) + 10% for reaching the objectives from mandate year 2 (medium term) + 10% for reaching the objectives of mandate year 4 (long term, at the end of the mandate)
Mandate year 2	80% for reaching the objectives from mandate year 2 (short term) + 10% for reaching the objectives from mandate year 2 (medium term) + 10% for reaching the objectives of mandate year 4 (long term, at the end of the mandate)
Mandate year 3	80% for reaching the objectives from mandate year 3 (short term) + 10% for reaching the objectives from mandate year 4 (medium term) + 10% for reaching the objectives of mandate year 4 (long term, at the end of the mandate)
Mandate year 4	80% for reaching the objectives from mandate year 4 (short term) + 10% for reaching the objectives from mandate year 4 (medium term) + 10% for reaching the objectives of mandate year 4 (long term, at the end of the mandate)

The variable short-term component is calculated and paid for a financial year, the amount being granted in quarterly installments of 18% of the annual value forecast for the financial year in progress corresponding to the achievement of the indicators over the time lapsed from the financial year, within 10 calendar days of the closing date of the quarterly reports, and, within 15 days of the date of approval of the audited annual financial statements by the General Meeting of Shareholders, the due amount based on the cumulative achievement percentage of the key performance indicators being subsequently adjusted.

In the event the cumulative achievement percentage of key performance indicators for a quarter is below 75%, the grating of the share of the annual variable component is suspended until the end of the financial year, the difference being subsequently settled within 15 calendar days of the date of approval of the audited annual financial statements by the General Meeting of Shareholders.

The medium-term variable component is calculated and paid for a period of two financial years, based on the percentages set by the mandate contract. The amount is paid in annual instalments of 50% of the estimated medium-term value, within 15 calendar days after the date of the approval by the General Assembly of Shareholders of the audited annual financial statements, and within 15 calendar days after the date of the approval by the General Assembly of Shareholders of the audited annual financial statements corresponding to the respective year form the mandate, indicated in the mandate contract, which ends the analysis period of the medium-term objectives, and the due amount based on the cumulated implementation percentage of the medium-term key performance indicators will be adjusted.

The long-term variable component is calculated and paid for the entire mandate of four years of activity. The amount is paid in annual instalments of 25% of the estimated medium-term value, within 15 calendar days after the date of the approval by the General Assembly of Shareholders of the audited annual financial statements, and within 15 calendar days after the date of the approval by the General Assembly of Shareholders of the audited annual financial statements, which contains the last months of the mandate, and the due amount based on the cumulated implementation percentage of the medium-term key performance indicators will be adjusted.

If the key performance indicators record cumulated in the financial year an implementation percentage lower than 75%, granting the medium and long term variable component share is suspended until the closure of the financial year of the medium and long mandate period, respectively, the difference being adjusted within 15 calendar days of the date of the approval of the audited annual financial statements by the General Assembly of Shareholders, for the medium and long period, respectively, of the mandate.

If the mandate ceases before the end of the term of the mandate, for reasons not related to the person of the Director, the variable component is granted pro rata, accordingly, until the last full month of activity during the mandate term.

If the mandate terminates before the end of the term of the mandate, for reasons related to the person of the Director, the company is entitled to claim and the Director committed by the mandate contract to return the full amount granted during that year, representing the payment of the variable component related to the year in which the termination of the mandate became effective.

The key performance indicators and the achievement degree may be amended, as applicable, in the following situations:

a) Force majeure, as such is defined by law;

b) Other causes not imputable to the directors and not affecting the achievement of the goals and targets set for the entire mandate.

Targets may be changed in the event of an approved rectification of the Revenue and Expenditure Budget, under the conditions of the law and of the articles of incorporation.

The description, verification tool and target values of the key performance indicators are specified in the mandate contract.

The financial performance indicators are verified in reference to the obtained values of these indicators, as such are registered in the financial -accounting records of the company.

The method of verification of non-financial indicators is performed by analyzing the state of achievement of these indicators included in the Reports / Calculation Formulas indicated in the mandate contract.

The variable component of the directors' remuneration is reviewed on a yearly basis, depending on the level of achievement of the goals included in the management plan and the degree of achievement of the financial and non-financial performance indicators approved by the General Meeting of Shareholders.

The objectives and performance indicators of the directors are set based on the expectations of the shareholders and on the development policy of SNN and is approved by the General

Meeting of Shareholders.

5.2. Directors with mandate contract:

According to art. 38 of GEO no. 109/2011 on the corporate governance of public enterprises, the remuneration of officers shall be established by the board of directors and may not exceed the level of remuneration established for the executive members of the board of directors. This is the sole form of remuneration for the officers who also fulfil the role of directors.

The remuneration is composed of a monthly fixed indemnification set within the limits of 6 times the average on the last 12 months of the earnings related to the monthly gross average salary from the branch in which the company operates, communicated by the National Statistics Institute prior to the appointment, and of a variable component consisting of a participation share from the net profit of the company, a pension system or another remuneration form based on the performance indicators.

The level of the variable component is determined according to well-grounded recommendations, formulated against a comparative study on the conditions of remuneration for similar positions in companies in the same field, with majority or full state-owned capital in other European countries, by the nomination committee or, as applicable, by the human resources recruiting experts whose services were contracted in order to make the selection procedure of the members of the board of directors.

The variable component of the remuneration is granted subject to the cumulative fulfillment of the targets related to the key performance indicators set out under the mandate contract, as follows:

a. The annual variable component shall be granted in a percentage of 100%, if the key performance indicators cumulatively meet an achievement percentage equal to or above 100%;

b. The annual variable component is granted pro rata, in relation to the months of activity form the first and last mandate years;

c. The annual variable component is granted in a percentage reduced by the degree of achievement of the key performance indicators, if these cumulatively meet, within the financial year, an achievement percentage less than 100%, but not lower than 75%. If the key performance indicators cumulatively record, within a financial year, an achievement percentage below 75%, the annual variable component is not granted. The calculation formula is:

• PrICP = 100% results PrCv = 100%

• 75%≤PrICP <100% results PrCv = PrICP achieved (%)

• PrICP<75% results PrCv = 0%

where: PrICP – achievement percentage of the Key Performance Indicator

PrCv – granting percentage of the Variable Component

d. The value of the short-term, medium-term and long-term component is determined by applying the percentage ratios in the mandate contract, resulting the payable value of the variable component for each year of mandate according to the following algorithm:

Variable component	Calculation algorithm
Mandate year 1	80% for reaching the objectives from mandate year 1 (short term) + 10% for reaching the objectives from mandate year 2 (medium term) + 10% for reaching the objectives of mandate year 4 (long term, at the end of the mandate)
Mandate year 2	80% for reaching the objectives from mandate year 2 (short term) + 10% for reaching the objectives from mandate year 2 (medium term) + 10% for reaching the objectives of mandate year 4 (long term, at the end of the mandate)
Mandate year 3	80% for reaching the objectives from mandate year 3 (short term) + 10% for reaching the objectives from mandate year 4 (medium term) + 10% for reaching the objectives of mandate year 4 (long term, at the end of the mandate)
Mandate year 4	80% for reaching the objectives from mandate year 4 (short term) + 10% for reaching the objectives from mandate year 4 (medium term) + 10% for reaching the objectives of mandate year 4 (long term, at the end of the mandate)

The variable short-term component shall be calculated and paid for a financial year, the amount being granted in quarterly installments of 18% of the annual value forecast for the fiscal year in progress corresponding to the budget execution for the term elapsed of the fiscal year, within 10 calendar days of at the date when the financial statements of each quarter are closed, and within 15 days following the date of approval by the General Meeting of Shareholders of the audited annual financial statements, the due amount based on the cumulative achievement percentage of key performance indicators, it shall be adjusted.

In the event the cumulative achievement percentage of key performance indicators for a quarter is below 75%, the grating of the share of the annual variable component is suspended until the end of the financial year, the difference being subsequently settled within 15 calendar days of the date of approval of the audited annual financial statements by the General Meeting of Shareholders.

The medium-term variable component is calculated and paid for a period of two financial years, based on the percentages set by the mandate contract. The amount is paid in annual instalments of 40% of the estimated medium-term value, within 15 calendar days after the date of the approval by the General Assembly of Shareholders of the audited annual financial statements, and within 15 calendar days after the date of the approval by the General Assembly of Shareholders of the audited annual financial statements corresponding to the respective year form the mandate, indicated in the mandate contract, which ends the analysis period of the medium-term objectives, and the due amount based on the cumulated implementation percentage of the medium-term key performance indicators will be adjusted.

The long-term variable component is calculated and paid for the entire mandate of four years of activity. The amount is paid in annual instalments of 20% of the estimated medium-term value, within 15 calendar days after the date of the approval by the General Assembly of Shareholders of the audited annual financial statements, and within 15 calendar days after the date of the approval by the General Assembly of Shareholders of the audited annual financial statements, which contains the last months of the mandate, and the due amount based on the cumulated implementation percentage of the medium-term key performance indicators will be adjusted.

If the key performance indicators record cumulated in the financial year an implementation percentage lower than 75%, granting the medium and long term variable component share is suspended until the closure of the financial year of the medium and long mandate period, respectively, the difference being adjusted within 15 calendar days of the date of the approval of the audited annual financial statements by the General Assembly of Shareholders, for the medium and long period, respectively, of the mandate.

If the mandate ceases before the end of the term of the mandate, for reasons not related to the person of the officer, the variable component is granted pro rata, accordingly, until the last full month of activity during the mandate term.

If the mandate terminates before the end of the term of the mandate, for reasons related to the person of the officer, the company is entitled to claim and the officer committed to return the full amount granted during that year, representing the payment of the variable component related to the year in which the termination of the mandate became effective.
Key performance indicators, and the achievement degree may be changed, as applicable, in the following situations:

a) Force majeure, as such is defined by law;
b) Other causes not imputable to the directors and not affecting the achievement of the goals and targets set for the entire mandate.

Targets may be amended in case of a rectification of the Income and Expense Budget, approved within the terms of the law and of the Articles of Incorporation.

The description, verification tool and target values of the key performance indicators are specified in the mandate contract.

The financial performance indicators are verified in reference to the obtained values of these indicators, as such are registered in the financial -accounting records of the company.

The method of verification of non-financial indicators is performed by analyzing the state of achievement of these indicators included in the Reports / Calculation Formulas indicated in the mandate contract.
During the period when the officer also has the quality of executive director, such as the Chief Executive Officer, he only has the right to be paid an allowance according to the mandate contract, without receiving an allowance also for the BoD member position.

6. Modification of the key performance indicators and of the variable component

According to the methodological norms for setting the financial and non-financial performance indicators for the variable component of the remuneration of the members of the board of directors, and officers, (Annex 2 to GR no. 722/2016), the initiative of modifying the performance indicators and the variable component may belong to the Board of Directors or to the public supervisory authority.

The Board of Directors sends recommendations for changing the performance indicators used as the basis for setting the variable component of the remuneration, the state shareholder, by the public supervisory authority, and other shareholders, if applicable.

In case of initiating modifications on the performance indicators and the variable component, by the public supervisory authority, it sends its proposal to the Board of Directors and, as the case may be, to the other shareholders.

Each involved party decides whether the recommended changes of the performance indicators used as the basis for setting the variable component of the directors' remuneration could improve the effectiveness and efficiency of SNN.

If it is decided that these changes could improve the effectiveness and efficiency of the company, the procedure of summoning the general meeting of shareholders is initiated, in order to approve the new levels of the indicators submitted for modification.

The indicators approved by the general meeting of shareholders or by the public supervisory authority, as the case may be, will be written down in an addendum to the mandate contract.

7. Elements regarding the mandate contract

7.1. The mandate contract concluded by the company with the members of the Board of Directors

The mandate contract of a member of the Board of Directors is concluded for 4 years, except for the directors selected after a position of member of the Board of Directors becomes vacant, case in which they will conclude with the company the mandate contract for the remaining term from the predecessor's mandate.

The mandate contract provides the right to withdraw from the position of Director, subject to prior written notice to the Company, at least 30 (thirty) business days prior to the withdrawal; with the Company's agreement, expressed by the General Meeting of Shareholders, this notice period may be shorter.

In case of the unfair or unjustified revocation of the Director, he/she is entitled to receive from the company damage compensations for the uncovered period of the Mandate Contract.

If the revocation occurs within the first 3 (three) years of mandate, the director is entitled to receive liquidated damage representing the fixed monthly allowances for the remaining period unfulfilled from the mandate contract, but not more than 24 fixed monthly allowances.

If the revocation occurs within the last year of the mandate, the director is entitled to receive damage compensations representing the fixed monthly remunerations for the remaining period not covered by the mandate contract, but not more than 6 fixed monthly remunerations.

The liquidated damages are paid within 30 business days of the termination date of the Mandate Contract.

The liquidated damages that the director is entitled to according to the aforementioned provisions is the sole compensation in case of occurrence of the unjustified revocation of the director.

The director is entitled to be reimbursed for all the expenses related to the implementation of the mandate, according to the substantiating documents and the law. The level at which the transportation, accommodation and per diem expenses shall be settled are going to be those set for the Chief Executive Officer/officers.

The director has the right to use inventory items/ fixed assets necessary for performing the activity, the access to informational equipment, including telephony, transportation means, office space suitable for the exercise of the duties, even outside board meetings.

The director is insured for the managerial liability of directors and officers – D&O regarding his/her activity within the Board of Directors, and the liability limit for each person is EUR 3 million. The payment of the premiums related to this insurance will be made by the company and will not be deducted from the director’s remuneration. The right to benefit from legal charges in order to defend against a claim of a third party against the Director related to the accomplishment of the duties under the mandate contract, the Articles of Incorporation, the Legal Framework, the Internal Regulations of the Board of Directors is ensured, to the extent that they are not already covered by the standard directors and officers liability insurance policy in force at such time.

The Director benefits from the payment and withholding of any taxes owed by the Director in relation to the remuneration and benefits under the mandate contract by the Company on behalf and on account of the Director;

The Director benefits from the same package of medical services and/or medical insurance contracted by the company for the officers.

7.2. Mandate contract concluded by the company with the officers

The mandate contract of the executive director / Chief Executive Officer, and of all the other officers of the company, selected according to the provisions of GEO no. 109/2011, is concluded for 4 years.

The mandate contract concluded by the officer with the Company provides his/her right to withdraw from the position of officer, subject to prior written notice to the Company, at least 90 (ninety) business days prior to the withdrawal; with the consent of the Company, expressed by a Resolution of the Board of Directors, this prior notice period may be shorter;

In case of an unexpected or unjustified revocation of a Director, they are entitled to receive from the Company liquidated damages representing the equivalent value of the gross monthly fixed indemnities for the unfulfilled period of the Mandate Contract, irrespective of the date on which the revocation occurs.

The liquidated damages are paid within 30 business days of the termination date of the Mandate Contract concluded with the company.

By the mandate contract concluded with the company, the office also has the following rights:

- to be reimbursed for all the expenses related to the implementation of the mandate, according to the substantiating documents and the law. The level at which the transportation, accommodation and per diem expenses shall be settled will be those for employees under employment contract within the Company;
- using inventory items/ fixed assets necessary for performing the activity, the access to informational equipment, including telephony, transportation means, office space suitable for the exercise of the duties, and the related costs will be paid by the Company;
- insurance for the managerial civil professional liability of directors and officers (D&O) for his/her activity within the Company, and the insurance limit for each person is EUR 3 million. The payment of the premiums related to this insurance will be made by the company and will not be deducted from the director's remuneration. The right to benefit from legal charges in order to defend against a claim of a third party against the officer related to the accomplishment of the duties under the mandate contract, the Articles of Incorporation, the Legal Framework is ensured, to the extent that they are not already covered by the standard directors and officers liability insurance policy in force at such time;
- insurance for work-related accidents and diseases;
- the payment and withholding of any taxes owed by the officer in relation to the remuneration and benefits under the mandate contract by the Company on behalf and on account of the officer;
- a package of medical services and/or medical insurance contracted by the Company;
- annual leave of 34 business days, which may be granted upon request, proportional to the period of the year in which he/she worked under the mandate contract; and the related indemnification, calculated in a similar manner to the remuneration for the workdays (fixed indemnification),
- medical leave according to the law and paid free days for public holidays, specific festive days, the birth/marriage of a child or, in case of the death of a family member, granted the same as those from the collective employment contract that is applicable to the company;
- the term for which he/she implemented the mandate contract, as am officer, is deemed as seniority in work and/or in the electricity, thermal energy and nuclear fields;
- a protocol fund from the protocol fund of the Company, approved by the Board of Directors;
- ensuring a job that is adequate to his/her professional qualification and experience (according to an individual employment contract for an indeterminate term, concluded

according to the law) and all the rights that are related to this job, according to the legal provisions and/or to the provisions of the collective employment contract applicable to the company, after the termination of this contract, or after the revocation from this position for reasons unrelated to him/her;

- participation in on-going professional development programs in order to perform an optimal activity within the company.

8. Reports on the remuneration of directors and officers under mandate contracts

According to the provisions of art. 39 of GEO no. 109/2011 the remuneration and the other advantages provided to directors and officers are written down in the annual financial statements and in the annual report of the nomination and remuneration committee.

The policy and criteria for the remuneration of directors and officers are published on the website of SNN by the Board of Directors. The annual reporting of information on the remuneration is performed by the Nomination and Remuneration Committee, by drafting a report which provides an overview of the remunerations, including the benefits, irrespective of the form, individually granted or offered during the last financial year, to the officers, including newly recruited ones and former officers, according to the remuneration policy of the company.

The annual remuneration report contains the following information on the remuneration of each officer:

- The total remuneration divided into components, the relative share of the fixed and variable remunerations, an explanation of the manner in which the total remuneration complies with the adopted remuneration policy, including the manner in which it contributes to the long-term performance of the issuer, and information on the manner in which the performance criteria were applied;
- Considerations justifying any scheme of annual bonuses or non-cash benefits;
- Any supplementary pension schemes or anticipation pension;
- Information on the term of the contract, the negotiated prior notice period, the amount of the liquidated damages for unjustified revocation
- Annual modification of the remuneration and of the issuer's performance
- Information in using the possibility of recovering the variable remuneration;
- Information regarding any deviation from the procedure for the implementation of the remuneration policy

Without infringing upon longer periods provided by the sectorial legislative acts of the European union directly applicable on the territory of Romania or upon national sectorial legislative acts that transpose European directives, 10 years after the publication of the remuneration report, the personal data of the officers, included in the remuneration report, is no longer public.

The remuneration report related to the most recent financial year is submitted for voting within the Annual Ordinary General Meeting of Shareholders and is provided to the public on the website of SNN, free of charge, for 10 years.

9. Final provisions

This remuneration policy for SNN officers constitutes a recommendation of the Nomination and Remuneration Committee of SNN, is subject to the approval of the Board of Directors and of the General Meeting of Shareholders.

Also, whenever the situation demands it, this policy will be amended and supplemented in relation to the dynamics of the current activity of SNN, the size and scope of activity of the company, but at least once every four years it is submitted for the approval of the General Meeting of Shareholders.

Nomination and Remuneration Committee:

Chairman: Remus Vulpescu

Member: Elena Popescu

Member: Minodor Teodor Chirica