



Endorsed,

Teodor-Minodor CHIRICA
Chairman of the Board of Directors

Note
on the approval by the Extraordinary General Meeting of Shareholders and respectively by the Ordinary General Meeting of Shareholders of certain measures necessary to continue of Units 3 and 4 Cernavodă NPP Project

1. General Aspects / Powers of Approval

By SNN EGMS Resolution no. 3/April 5th, 2021, **the Strategy for the continuation of the Project at Cernavoda NPP Units 3 and 4 (the “Strategy”)** was approved, in virtue of the updated Feasibility Study.

By SNN EGMS Resolution No. 4/April 5th, 2021, certain measures were approved for making EnergoNuclear S.A. (EN) operational, and the increase of the share capital of EN by the amount of RON 25 million, by contribution in cash of the sole shareholder, SNN. At the same time, the SNN Board of Directors was empowered to initiate, conduct and approve the procedures, operations and corporate decisions necessary to increase the share capital of EN, operationalize EN and provide the necessary resources, in accordance with the Strategy to continue the Project at Cernavodă NPP Units 3 and 4 (the “Strategy”) approved by the SNN Ordinary General Meeting of Shareholders.

According to the provisions of art. 13 – Duties of the General Meeting of the Shareholders, par. (2) letter h) and art. 13 par. 4 let. a) and art. 2 in the Appendix to the updated Articles of Incorporation of SNN, the Ordinary General Meeting approves “the development strategy and policies of the Company”, as well as the investment decisions with a value of over EUR 50,000,000. Therefore, considering the approved Strategy, the competence to approve the measures to continue the Project on Cernavodă NPP Units 3 and 4 rests with the SNN Ordinary General Meeting of Shareholders.

2. Stage of the Project of Units 3 and 4 of Cernavodă NPP (the “Project”)

2.1. PROVISIONS OF THE PROJECT CONTINUATION STRATEGY APPROVED BY THE SHAREHOLDERS

According to the Strategy approved by the shareholders, the Project is going to be carried out by means of EnergoNuclear S.A. project company, currently 100% owned by SNN, in 3 successive stages:

Stage I - Preparatory Phase:

- Period: 2021-2022, estimated duration of 24 months,
- Estimated Budget: 15 million Euro, fully financed by SNN, by contribution to the share capital of EN;
- Main goals of Stage I: re-operationalization of the EN project company, update of the technical procurement specification, contracting technical, legal and financial assistance services, contracting engineering services to update the Technical Procurement Specification (BIS), launching, selecting and awarding the IPC Engineering, Procurement and Construction Contract in two phases (Phase 1 - Preliminary Works - Limited Notice to Proceed and Phase 2 - Project implementation - Issue of the Final Notice to Proceed). Within this stage, any other surveys/reports/valuations necessary for the configuration of the project within the limits of the budget related to this stage will be contracted.

Stage II - Preliminary Work:

- Period: 2022-2025, estimated duration of 24 months,
- Main goals: Elaboration of critical engineering (“Limited Notice to Proceed - LNTP”) for the definition of the project by a third provider, structuring and contracting financing and agreeing upon an adequate

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contractual architecture for the implementation of the Project, obtaining the favorable Opinion of the European Commission following the notification of the Project pursuant to art. 41 of the EURATOM Treaty and respectively a positive decision in accordance with the relevant European State aid provisions, obtaining the Nuclear Safety Authorization for the Construction Stage and taking the Final Investment Decision, for the transition to Stage III (Construction).

Stage III- Construction:

- Period: 2026-2030/2031 (completion U3-2030/completion U4 – 2031)

At the same time, **the approved Strategy stipulates as a precondition for making the Preliminary Investment Decision and moving to Stage 2 of the Project, the conclusion of an Agreement between the Romanian State and SNN**, establishing the responsibilities of the parties in terms of the financing, adoption of support mechanisms and providing the conditions of infrastructure to complete and operate the Project.

2.2. PROJECT IMPLEMENTATION STAGE

Stage I has been initiated - by:

- Capitalization and re-operationalization of the EN project company, by increasing the share capital of EN by SNN by the amount of RON 52 million;
- Occupying the critical positions in terms of human resources, especially from a technical perspective;
- Organizing and completing the procedure for awarding the legal consultancy agreement;
- Organizing and completing the contract award procedure on the “Engineering services for the elaboration and update of the necessary documentation for starting the Project of Units 3 and 4 of Cernavodă NPP”¹ awarded to Candu Energy - CANDU technology holder and Design Authority for Units 3 and 4. The goal of this agreement is to develop and update a series of engineering and nuclear safety documents necessary for the continuation of the Project, including the preparation of technical reports that will confirm the technical feasibility of the Project, the fact that the existing civilian structures will be able to fulfill their function that they were designed for an additional period of 60 years after commissioning, as well as the fact that the Project meets the requirements of the Nuclear Safety Directive.
- Development of the contract of "Engineering Services for drafting and updating certain documentations necessary for starting the Project of Units 3 and 4 of Cernavodă NPP" estimated to be completed in the month of March of 2023.

3. The need to adopt the Preliminary Investment Decision and move to Stage II

Given the global macroeconomic uncertainties, with a major impact on the supply chain, coupled with the magnitude and complexity of the Project, awarding a two-phase IPC Engineering, Procurement and Construction Contract, as required by the current Strategy, is difficult to achieve. In this context, in order to adapt to the new realities of the market, it is necessary to restructure the contractual arrangements for the completion of the Project. At the same time, in order to maintain and optimize the implementation schedule of the Project, in parallel with the completion of the documentation related to the deliverables of Stage I, it is necessary to immediately start and carry out the activities related to Stage II, allowing, among others:

- Defining the contractual architecture associated with the activities related to Stage II and Stage III, respectively of the contracts necessary for the completion of the Project;
- The financing by SNN, conditioned by the approval and conclusion of a Support Agreement between the Romanian State and SNN, of the estimated budget associated with the activities in Stage II, in the amount of EUR 185 million.

4. Actions at governmental level

In the context of ratification, by Law no. 200/2021, of the Agreement between the Government of Romania and the US Government on cooperation in relation to the nuclear-energy projects in Cernavodă and in the civil nuclear energy sector in Romania (“IGA”), in virtue of the Decision of the Prime Minister of Romania no. 5/January 3rd, 2022, the Steering Committee for the extension of the Romanian civil nuclear program (the "Committee") has been established and operates. The main goals of the Committee are to analyze, crystallize and substantiate the strategic decisions and measures necessary for the expansion of the civilian nuclear program in Romania and appoint and establish the mandate of the Romanian Party representatives within the

¹Updating the basic licensing documents, updating the nuclear safety guidelines, establishing the requirements regarding the format and content of the technical documents to be elaborated in Stages 2 and 3 of the Project, evaluating the architecture of the control system of the nuclear part, and analyzing the possibility of migrating from the type of centralized control to a decentralized system, reassessing the existing civil structures from the perspective of the new applicable codes and standards, of the final seismic hazard, resolving the nonconformities identified in the initial assessment (2011) in order to (re)confirm that they will be able to fulfil the functions these have been designed for, during another period of 60 years from commissioning, elaborating project changes in order to comply with the new regulations, and updating the list with project changes with impact on nuclear safety.

meetings of the Steering Committee, for the coordination, facilitation and assessment of the cooperation activities provided for in the IGA.

In the month of May of 2022, the Committee proposed to the Government of Romania:

- (i) State involvement in guaranteeing the financing scheme of the Project of Units 3 and 4 of Cernavodă NPP, in accordance with the analysis of the Ministry of Finance and
- (ii) initiating, as a matter of urgency, the negotiations in order to approve a Support Agreement between SN Nuclearelectrica SA and the Romanian State in relation to the Project of Units 3 and 4 of Cernavodă NPP.

The draft **Support Agreement between the Romanian State and SNN** presents the support measures necessary for the development of the Project, including, in addition to issuing State guarantees to facilitate the financing of the Project, a series of other complementary support measures (speedy implementation of the contract for difference mechanism - CfD, providing the necessary infrastructure conditions for the operation of the Project - power lines for drainage, cooling water etc.).

The **Draft Support Agreement** includes, inter alia, the following items:

- a) Adoption of the Contracts for Difference-type mechanism;
- b) The full guarantee by the Romanian State of the financing attracted under the form of a loan for the Project;
- c) The contribution of heavy water and uranium octoxide of the Romanian State to the capital of the Energonuclear project company,
- d) The steps and responsibilities of the relevant ministries and authorities, from among which we note:
 - The Ministry of Finance ("MoF") and the Competition Council ("CC") - to guarantee the financing;
 - Ministry of Energy ("ME") - for the implementation of the CfD mechanism and the contribution of heavy water and uranium octoxide;
 - Ministry of Transport ("MT") - carrying out the works for Bala 2 project;
 - General Secretariat of the Government ("SGG") - CNTEE Transelectrica SA - making the necessary investments for the transport/evacuation of electricity produced by the Project;
 - ME via ANDR - start and completion of the DFDSMA radioactive waste project in Saligny by 2030, respectively the completion and operationalization, by 2050, of the Geological Repository for highly radioactive waste and adoption of necessary measures to prove the availability of financial resources at the end of life of nuclear power plants to cover the estimated cost of decommissioning and management of radioactive waste and spent nuclear fuel in accordance with the EU law, including the specific technical requirements in ADC - taxonomy;

5. Proposals submitted for approval

In the context of the aforementioned, we submit the following to the approval of the **SNN Extraordinary General Meeting of Shareholders**:

1. Approval of the financing by SNN, of EnergoNuclear S.A., by the share capital increase of EN in cash by SNN and/or by granting loans related to SNN, with a total value of EUR 185 million, calibrated to the development requirements of the Project and necessary for the implementation of Stage II of the Project of Units 3 and 4 of Cernavodă NPP , subject to the approval and conclusion of the Support Agreement between the Romanian State and SNN in relation to the Project of Units 3 and 4 of Cernavodă NPP.

Furthermore, we submit the following to the approval of the **SNN Ordinary General Meeting of Shareholders**:

1. Approval of the continuation of the Project of Units 3 and 4 of Cernavodă NPP, respectively adoption of the Preliminary Investment Decision and transition to Stage II - Preliminary Works, subject to the approval and conclusion of the Support Agreement between the Romanian State and SNN in relation to the Project for Units 3 and 4 of Cernavodă NPP;

2. Approval of the initiation of the steps in order to award and conclude the contracts necessary for the completion of the Project, within the terms of the competence limits provided for by the Articles of Incorporation of SNN and EN, and within the amount of EUR 185 million.

Cosmin Ghiță
Chief Executive Officer

Laura Constantin
Deputy Chief Executive Officer - Corporate Services

Melania Amuza
Deputy Chief Executive Officer - Commercial and Development

Dan-Niculaie Faranga
Chief Financial Officer