



BoD Member Report

Chirica Minodor Teodor

S.N. Nuclearelectrica S.A.

Dr. Teodor Chirica is an alumni of the Faculty of Power Engineering of Politehnica University of Bucharest, holding a PhD in Energy / the title of Doctor (PhD) in Energy in the field of radioactive waste management, with a special focus on the decommissioning of nuclear installations.

Dr. Chirica is an engineer with vast experience of the Romanian energy industry, both technically and managerially, specialized in nuclear energy, being actively involved in engineering activities for the development of CANDU projects in Romania since the 1970s: within the Central Nuclear Power Section of the Institute for Energy Studies and Design – ISPE (1970 – 1977), the Department of Design from the Institute for Nuclear Power Reactors in București-Măgurele – IRNE (1977-1990) and the Nuclear Energy Group from the Autonomous Direction for Electricity – RENEL (1990-1998). At RENEL, he held the position of Director of Projects for new sites of nuclear power plants, updating the studies of potential locations and defining the preferred candidate locations, in parallel with examining other technologies apart from CANDU.

From 1998, Dr. Chirica has held various management positions at Nuclearelectrica, which he led as Chief Executive Officer from March 2005 until January 2009. During his mandate, the investment-development project for Cernavoda NPP Unit 1 was finalized, the Unit being declared fully functional in October 2007. He was also the Chief Executive Officer of AMEC Nuclear Romania (2009-2013), firm with British capital, Chief Executive Officer of EnergoNuclear (2013 – 2017) and advisor to the Chief Executive Officer of Nuclearelectrica (2017-2019). He is currently a member and Chairman of the Board of Directors at Nuclearelectrica.

International Experience: Following a year spent within the CANDU Owners Group (COG), Canada (1992-1993), as representative of RENEL, he returned at RENEL and negotiated on the international nuclear insurance market, for the first time in Romania, the insurance policies related to Units 1 and 2 of Cernavoda NP, the financing for the completion of Unit 2 of Cernavoda with international banks, but also with EURATOM, adding up to a total of approximately 660 million Euros, as well as negotiating the first Investor Agreement for Units 3 and 4, in 2008, involving international partnerships with six European investors of high caliber: ArcelorMittal, CEZ, ENEL, , Gas de France, Iberdrola and RWE. During his tenure as Chief Executive Officer, he represented Nuclearelectrica in the WANO-Atlanta Board of Governors. All these added value to the contribution of Dr. Chirica, as a member of the management team of Nuclearelectrica.

Furthermore, he has good knowledge of European affairs, being at the same time a good connoisseur of the Romanian and European nuclear industries, through voluntary activity within the Romanian Atomic Forum (ROMATOM), where he is one of the founders and a member of the Executive Council, as well as with the European Atomic Forum (FORATOM), whose chairperson he was in the period 2018-2019.

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I. MISSION, VISION, VALUES



II. THE ROLE OF SNN IN ACHIEVING THE DECARBONIZATION GOAL

The targets undertaken by Romania are ambitious, to reduce CO₂ emissions by 55 % until 2030 compared to their level of 2005. Romania also aims to reduce its dependency on energy imports from 20.8 % today, to 17.8 % by 2030, which means investments made in carbon-free or transitional generation capacities with base production to ensure the stability of the national energy system.

The two nuclear units contribute to the energy security of Romania, and also to reaching the decarbonization targets by the 195 million tons of CO₂ avoided since the start-up (10 million tons of CO₂ a year avoided by the operation of the two units at Cernavoda) and contributes by 33% to the total clean energy of Romania.

By extending the nuclear capacity with CANDU units in Romania, nuclear energy will reach over 66 % contribution of clean energy, 20 million tons of CO₂ a year avoided on an annual basis, and over 19,000 jobs. By considering the implementation of SMR, the clean energy percentage significantly increases, we maintain and/or develop the areas in which coal-supplied power stations were located, and we generate thousands of new jobs, directly and indirectly, besides generating clean energy.

Decarbonization is not possible without nuclear energy. First of all, nuclear energy directly contributes to the decrease of emissions in the atmosphere, both by generating clean energy, without CO₂, and by gradually replacing energy production based on coal resources. The most recent UNECE report regarding the role of nuclear energy in decarbonization concludes that the nuclear sector has led to the elimination of approximately 74Gt of CO₂ emissions in the last 50 years, which amounts almost two years of the total global emissions from energy. Nuclear lifecycle extension projects have the lowest electricity cost of all energy sources, including renewable sources. For less than half of the cost of a new reactor, Romania will have the same nuclear power for another 30 years, under the same safety conditions. The project of Units 3 and 4, with commissioning in 2030 for Unit 3 and 2031 for Unit 4, respectively, will add 1400 MW, avoiding another 10 million tons of CO₂ annually and will lead to economic and financial growth.

Also, by developing SMRs, Romania will use base-load nuclear technology, safe, financially accessible, with zero CO₂ emissions, located on the sites of former coal-based power plants. Thus, SMRs will support the National Recovery and Resilience Plan of the Government of Romania to decommission 4.59 GWe of coal capacity by 2032.

Second of all, feasibility-wise, we must analyze the three pillars established in the EU Taxonomy Regulations: economic, social and environment. The nuclear industry of Romania has an annual contribution of 5.7 billion euros to the national GDP and ensures 12,600 jobs. This number will increase to 19,000 jobs after the start of the new nuclear projects we have initiated. EUR 5,7 billion is sufficient money to ensure the operation of all the hospitals in Romania for a year.

Third of all, there are non-electric applications of nuclear energy, such as the production of clean hydrogen, in which Nuclearelectrica is interested. EU intends to increase the contribution of clean hydrogen in the industry from 2 % today to 13-14 % by 2050, and intends to invest half a trillion euros for the production of clean hydrogen. Due to its basic-production capability, nuclear energy is very suitable for the production of clean hydrogen, with low costs.

In order to support the renewable energy sources, as they become cheaper and more available, we must ensure base-load production capabilities with low level of carbon for back-up purposes for renewable sources, and in this regard, nuclear energy is a certain solution. According to a FORATOM study, if the percentage of renewable energy increases by 190% and the percentage of nuclear energy remains unchanged until 2050, Europe will continue to depend on natural gas up to 26% and on coal up to 12% of the necessary energy, both with high CO₂ emissions. In the scenarios developed by the International Energy Agency and IPCC, nuclear energy continues to increase up to an estimated global level of 17%, from the current 10%, with a constant rate in Europe as well.

Looking further into the future, nuclear technology already approaches consumption need changes, and becomes more flexible, less capital-straining in the construction phase. Small modular reactors represent the answer of the nuclear industry to decarbonization requirements, which makes this technology easier to implement and operate in isolated network areas, at industrial locations, etc. Based on advanced technology, SMRs have high passive safety systems, which require fewer resources, such as fuel and cooling water, in order to operate and be safely shut down.

The nuclear projects of SNN amount to investments of up to 8-9 billion euros in the following years. Their impact is quantifiable both in terms of increased security of the supply for Romania and in the region, considering the unified European market, estimated to reach an interconnectivity of 15 % by 2030, and in terms of the development of related industries, infrastructure, research and development and education.

III. MANAGEMENT PLAN

In line with the provisions of Art. 30 of OUG [Government Emergency Ordinance] No. 109/2011, after the date of appointment as administrator of SNN, the administration component of the SNN Management Plan was elaborated, which was approved by the Decision of the Board of Directors No. 187 dated October 29, 2018. The purpose of this document is to describe the company's management strategy during the mandate of the Board of Directors, in order to achieve the objectives and performance indicators set out under the mandate contract, according to Letter of Expectations No. 102.178/June 6, 2018.

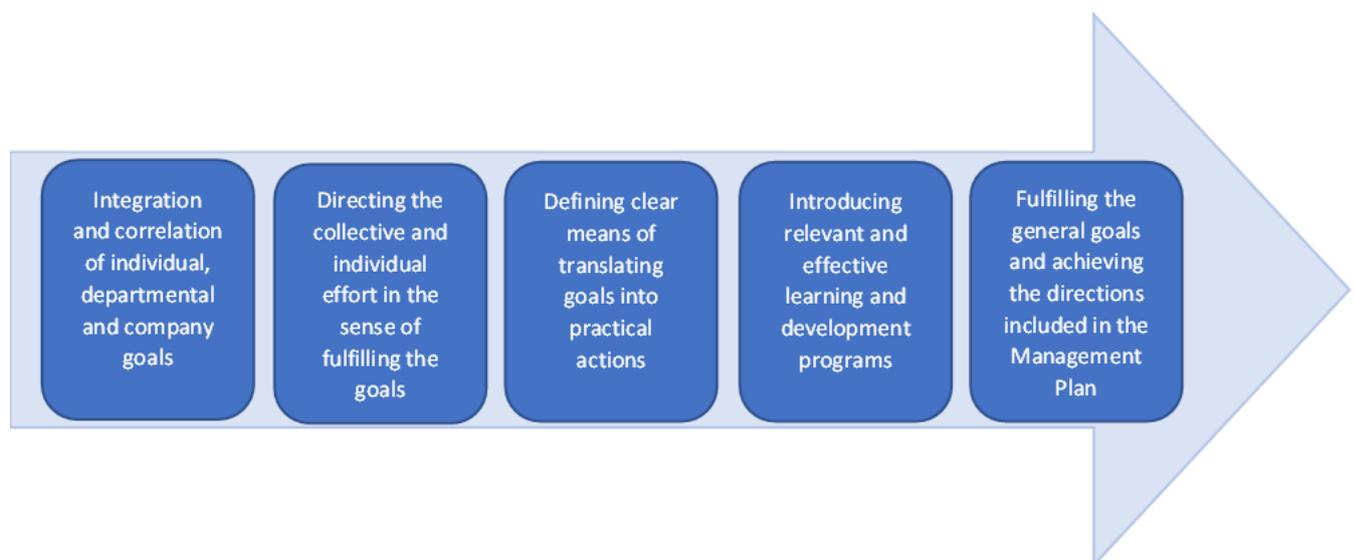
When elaborating the management plan, the specific nature and the uniqueness of the company's main scope of business - the production of electric and thermal energy by nuclear processes - within the national economic framework, were taken into account. Furthermore, the geopolitical and market realities (dynamic market environment, complete liberalization of the energy market), in which the company is operating, were taken into account.

Objectives and Indicators

Within S.N. Nuclearelectrica S.A., the general goals are closely correlated with the mission, vision and goals of the company, based on assumptions and premises in accordance with the provisions of the Articles of Incorporation, in keeping with the principles of economy, efficiency and effectiveness.

The assumptions included in the Management Plan 2019 - 2022 integrated, with its two components, the administration and the management one, approved by the SNN BoD Decision no. 33/March 7, 2019, were transposed into general objectives, at company level, cascaded at the level of each subunit (Headquarters - Bucharest, Cernavoda NPP Branch and Pitesti NFP Branch), and broken down into specific objectives for each department of the organizational structure, respectively.

Thus, the objective cascading system is aimed at:



General goals can only be achieved with the convergent and synchronized participation of the entire organization.

The organizational alignment mode for all components of the organizational structure is done by

defining, for each of them, the same set of tools for translating the directions contained in the Management Plan in operational terms: general goals represent the synthetic form of the directions in the Management Plan, and they are cascaded at subunit level (Headquarters, Cernavoda NPP Branch, and Pitesti NFP Pitesti), and subsequently broken down in specific departmental general, establishing the means of achievement, targets and performance indicators, in line with the assumptions in the Management Plan, considering both the administration component, and the management component.

The specific departmental objectives are associated with targets and indicators in order to provide an image of the company's performance and operations, useful in analyzing how the objectives, targets and results proposed under the Management Plan are achieved.

Goals are updated and reassessed whenever it is found that the hypotheses/premises underlying their establishment have changed, or to take into account the significant changes in the activity, the budget allocated and the priorities.

Thus, for the mandate term between 2019-2022, **the general goals of SN Nuclearelectrica SA** are:

- ✚ Operating the nuclear units in conditions of nuclear safety and security for personnel, population, environment and production assets**
- ✚ Ensuring a physical production of at least 9.6 Mil. MW**
- ✚ Fulfilling the major investment objectives and implementing the investment plans approved by the budget**
- ✚ Implementing the projects for modernizing, integrating and securing the informational flow and the IT infrastructure (hardware and software) within SNN**
- ✚ Capitalizing the electricity production generated at Cernavoda NPP, under conditions of economic efficiency**
- ✚ Ensuring the stability of the Company's financial performance**
- ✚ Maintaining a foreseeable/predictable dividend policy of the Company**
- ✚ Optimizing and streamlining the organizational structure of the Company**
- ✚ Complying with the corporate governance principles and the code of ethics and integrity**
- ✚ Increasing the degree of involvement in social responsibility actions**
- ✚ Improving the degree of retention/attraction of highly qualified personnel, under the conditions of a specialized labor market**
- ✚ Developing/improving the risk reporting, control and management capabilities**

In order to achieve the general and specific goals, actions have been undertaken and measures have been implemented regarding:

- The establishment and monitoring of the investment strategy within SNN;
- The realistic prioritization of investments, correlated with the possibilities of SNN to allocate technical, human and financial resources;
- The performance of feasibility studies required for the launch of the works related to major investment projects;
- Ensuring the conditions and specialized personnel for continuing and completing the negotiations on the Investment Documents regarding the development, construction, operation and

decommissioning of Units 3 and 4 of Cernavoda NPP;

- Specific measures targeting the trading of electricity;
- The optimization and streamlining the organizational structure;
- The observance of the principles of corporate governance and the effective implementation of the provisions of the Code of Ethics;
- The retention and attraction of highly qualified personnel in the conditions of a specialized labor market.

Therefore, for the goals set within the subunits, the basis for the breakdown of the specific departmental goals is:

Item No.	General SNN Goal	Subunit Goal	Subunit		
1	Operating the nuclear units in safe conditions for the personnel, the population, the environment and the production assets	1.1 Ensuring compliance with regulations (CNCAN authorization requirements, environmental, etc.)	SNN-SC	NPP	NFP
		1.2 Maintaining the maximum degree of availability of the technological systems, and with security functions, in order to ensure the nuclear safety standards	SNN-SC	NPP	
		1.3 Implementing the recommendations of WANO/IAEA/PSR/etc.	SNN-SC	NPP	NFP
		1.4 Improving the level of professional training of the personnel operating the two nuclear units by implementing the annual training program		NPP	
2	Ensuring a physical production of at least 9.6 Mil. MW	2.1 Implementing the strategy for diversifying sources of raw material supply needed to produce nuclear fuel	SNN-SC		NFP
		2.2 Ensuring the support activities/processes necessary for the implementation of the production plans approved by the annual budgets	SNN-SC	NPP	NFP
		2.3 Accomplishing the annual manufacturing plan of Pitesti NFP			NFP
		2.4 Performing the maintenance and repair plans in order to increase the reliability of equipment and systems and the operation of nuclear units under safe and secure conditions		NPP	NFP
		2.5 Conducting the PLIM (preventive maintenance for critical systems, equipment and components) programs falling within the confidence period set		NPP	
		2.6 Implementing the programs for the replacement of worn and obsolete components and equipment		NPP	

Item No.	General SNN Goal	Subunit Goal	Subunit		
		2.7 Carrying out the annual planned outages of the NPP units at the terms and within the planned durations, ensuring the completeness of the works envisaged/scheduled (preventive, predictive, corrective maintenance and periodic inspections related to the systems, components, equipment) and under conditions of compliance with the quality requirements set under the documents approved internally and by CNCAN.		NPP	
3	Fulfillment of the major investment objectives and implementation of investment plans approved by the budget	3.1 Extending the number of hours of operation of Unit 1, i.e. developing support documentation (studies, nuclear safety analyzes and tests) to demonstrate the capability of Unit 1 to operate over the 210,000-hour threshold, with the approval of the CNCAN	SNN-SC	NPP	
		3.2 Implementing the measures set out in the long-term revised strategy for the development of the Interim Spent Fuel Storage Facility (DICA) and authorization for the extension of the lifetime of Units 1 and 2 harmonized with CNCAN's observations, and those of the Ministry of Environment and Climate Change, respectively, approved by the shareholders of SNN through OGMS Resolution No. 8/September 28, 2017	SNN-SC	NPP	
		3.3 Project of Units 3 and 4 of Cernavoda NPP: running the pre-project activities (rechecking the feasibility, evaluating the assets, decision-making on IPC contracting, obtaining authorizations and approvals needed to start work, including support measures and final investment decision).	SNN-SC	NPP	
		3.4 Tritium Removal Facility NPP Cernavoda Project: running the activities leading to the implementation of the project (selection of support services for the beneficiary, selecting the IPC contractor, obtaining the approvals and authorizations, structuring the financing, etc.)	SNN-SC	NPP	
		3.5 Implementing the investment plans approved by the budget	SNN-SC	NPP	NFP
		3.6 Performing the activities related to the Refurbishment Project of Unit 1	SNN-SC	NPP	

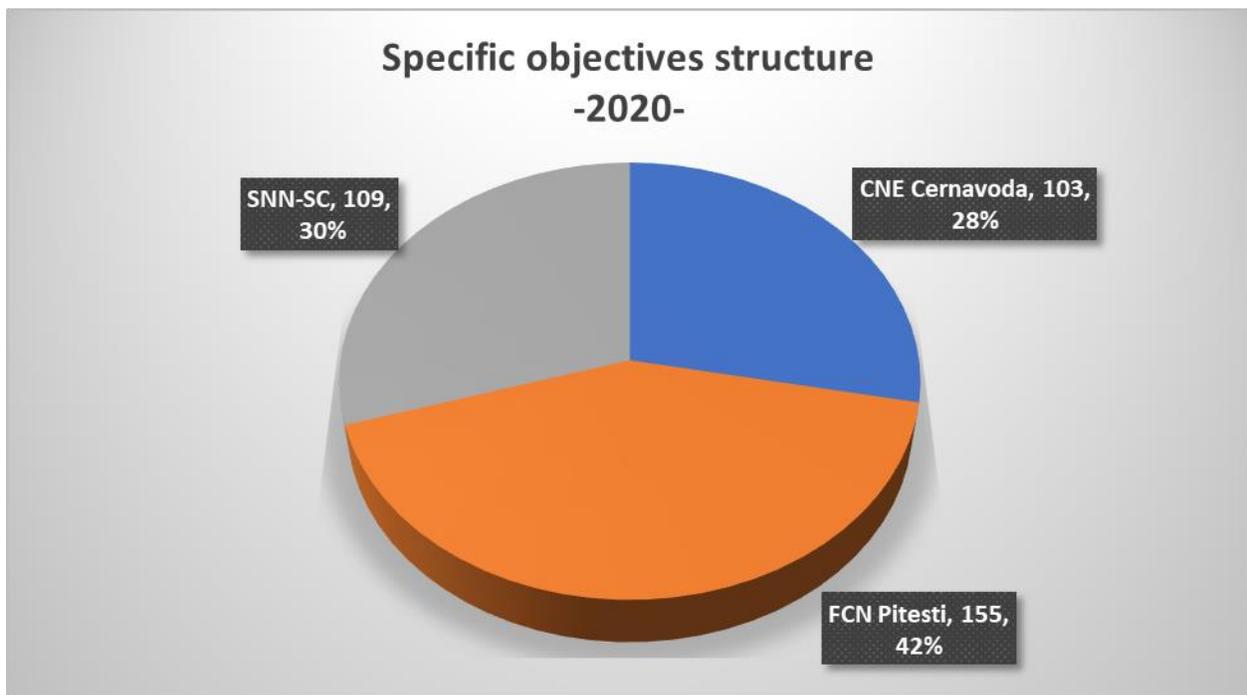
Item No.	General SNN Goal	Subunit Goal	Subunit		
		3.7 Performing the activities related to the new innovation-development projects	SNN-SC		
4	Implementing the projects for modernizing, integrating and securing the informational flow and the IT infrastructure (hardware and software) within SNN	4.1 Interconnecting the three independent business IT networks (SNN Executive, NPP and NFP) currently in place	SNN-SC	NPP	NFP
4.2 Creating a communication and data flow system between the component entities of SNN (SNN Executive, NPP, NFP)		SNN-SC	NPP	NFP	
4.3 Implementing a reporting and information system for the SNN management (Dashboard)		SNN-SC	NPP	NFP	
4.4 Extending the ERP (Enterprise Resource Planning) systems with new modules required to carrying out the activity within the three entities		SNN-SC	NPP	NFP	
5	Capitalizing the electricity production generated at Cernavoda NPP, in conditions of economic efficiency	5.1 Long-term contracting in advance, in order to ensure the financial stability of the company and decrease the risk of electricity price volatility	SNN-SC		
5.2 Using all energy markets and as many products as possible in trading for a better streamlining of financial results		SNN-SC			
5.3 Seeking, for the timeframe 2018-2022, under the current regulatory and economic conditions, to maintain a sale price above the level of PriceSNN_Y RON/MWh for each reference year in the timeframe 2018-2022, where $PriceSNN_Y = ROPEX_FM_Y * 0.9$		SNN-SC			
6	Ensuring the stability of the Company's financial performance	6.1 Maximizing the use of the capabilities of the company with direct effect on obtaining proper cost structures, in compliance with the nuclear safety culture, in order to obtain a gross profit of minimum RON 100.000.000	SNN-SC	NPP	NFP
6.2 Strengthening the operational cash flows of the company, in order to provide the necessary liquidity for the current investment projects, the increase of the bankability of the major investment projects run by SNN, as well as for the payment of due instalments under the loans contracted		SNN-SC			

Item No.	General SNN Goal	Subunit Goal	Subunit		
		6.3 Strengthening the capacity of self-financing of the activity (CAF) in the conditions of the observance of the nuclear safety regulations	SNN-SC		
7	Maintaining a foreseeable/predictable dividend policy of the Company	7.1 Maintaining a dividend granting rate of at least 50 % of the remaining accounting profit after the corporate tax deduction	SNN-SC		
8	Optimizing and streamlining the organizational structure of the Company	8.1 Implementing an organizational structure based on clearly defined roles, removal of the inadequate role redundancy, goal cascading, alignment of the skills with the current changing requirements, based on the good corporate governance rules, with a fluent vertical and horizontal communication system	SNN-SC	NPP	NFP
		8.2 Strengthening organizational efficiency through the capacity of leaders, using OPEX (operational experience), discipline in following up activities and continuous self-assessment.		NPP	
9	Complying with the corporate governance principles and the code of ethics and integrity	9.1 Complying with all the legal provisions and recommendations of the Romanian capital market institutions on corporate governance principles	SNN-SC		
		9.2 Adopting the best practices in the nuclear field in terms of corporate governance	SNN-SC	NPP	NFP
		9.3 Actively combating corruption by means of warning or reporting procedures, internal guidelines and information and prevention efforts	SNN-SC		
10	Increasing the degree of involvement in social responsibility actions	10.1 Increasing the level of acceptance for the use of nuclear energy in Romania and for SNN's investment projects	SNN-SC	NPP	NFP
11	Improving the degree of retention/attraction of highly qualified personnel in the	11.1 Adopting a human resources strategy for attraction, training and retention	SNN-SC	NPP	NFP

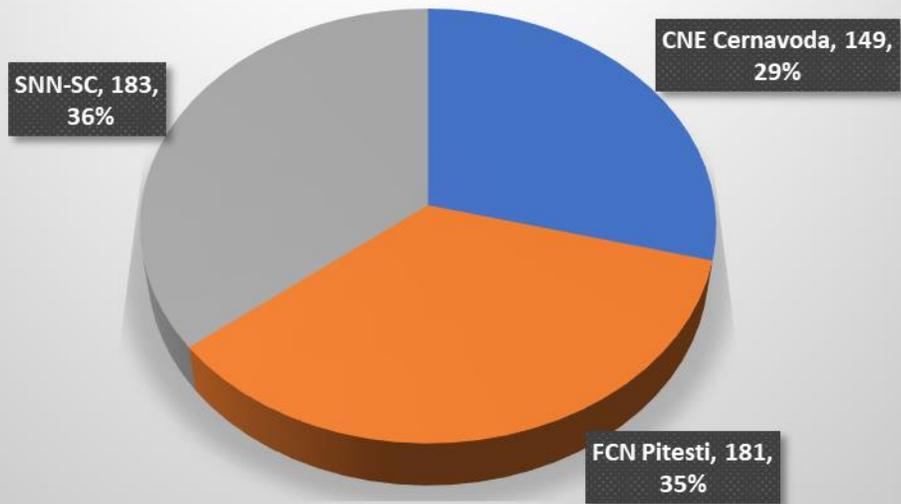
Item No.	General SNN Goal	Subunit Goal	Subunit		
	conditions of a specialized labor market	11.2 Adopting specific human resources measures to increase the level of satisfaction of highly qualified personnel, and its retention in conjunction with the current and long-term needs of SNN	SNN-SC	NPP	NFP
		11.3 Implementing a remuneration system based on individual performance, by the analysis of the individual performance indicators.	SNN-SC	NPP	NFP
12	Developing/improving the risk reporting, control and management capabilities	12.1 Developing an internal framework to ensure business continuity (BCM - Business Continuity Management).	SNN-SC		
		12.2 Monitoring the suitability of the Internal Control System with focus on the control environment, the management attitude and the management of the controls implemented	SNN-SC	NPP	NFP
		12.3 Developing the risk management policy within SNN	SNN-SC		

As a result of the validation within the Monitoring Commission of the Internal Management Control System (CM-SCIM), and the approval of the cascading exercise carried out in 2019 for the general goals within the SNN departments, a refinement of the procedure for setting and monitoring goals within SNN SA took place in 2020, especially with regards to the package of specific goals with the targets and indicators corresponding to the departments, in line with the provisions of the standards of Order 600/2018 regulating the activities related to the development of the goal elaboration system, in correlation with the assumptions of the management plan, with short-term (annual) planning techniques, with an efficient centralized system of collecting, processing the data for establishing deviations from the targets set, and for informing the top management of the company.

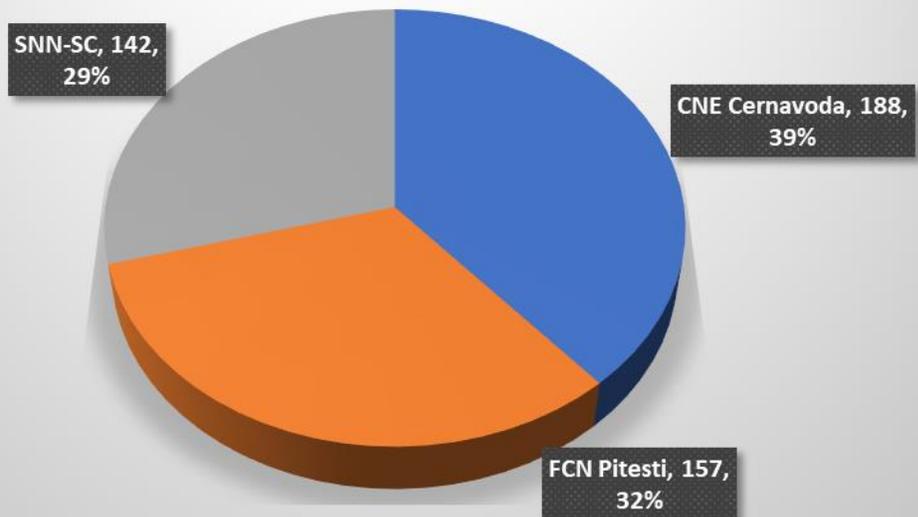
This was the basis for implementing the provisions of procedure CM-00-03 rev.1 - Setting and Monitoring Goals within SNN SA, namely, the transposition and formalization of the specific goals related to 2020, 2021 and 2022, with the distribution across SNN being as follows:



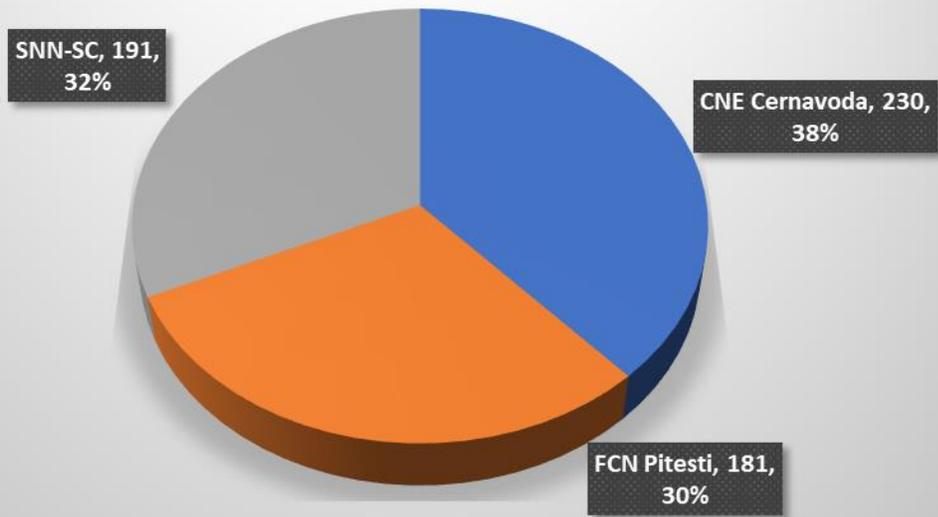
Specific objectives associated KPIs structure -2020-



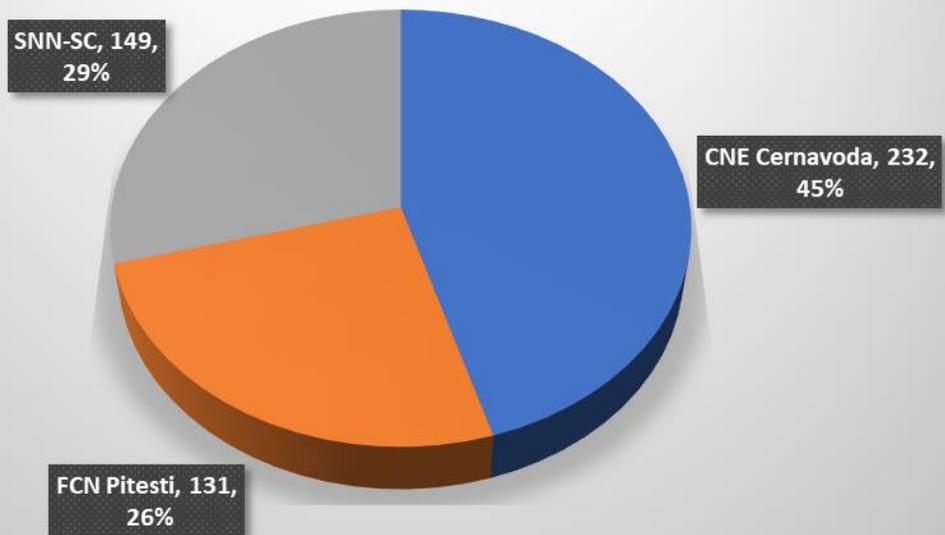
Specific objectives structure -2021-

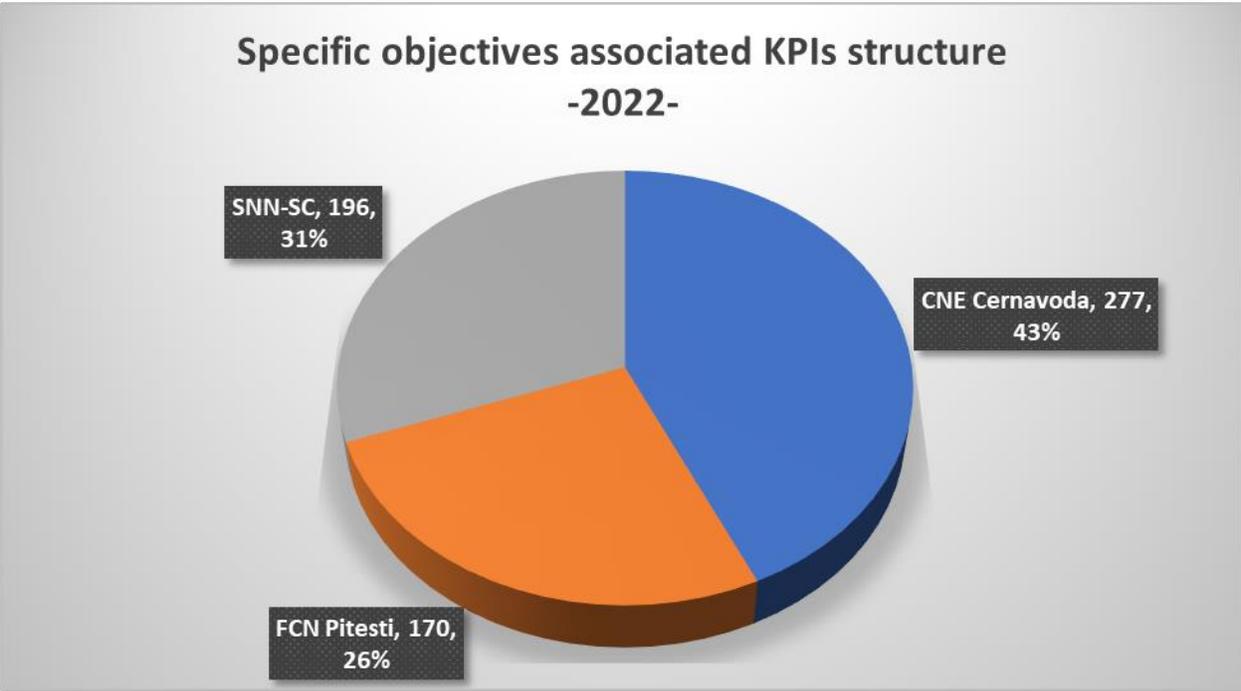


Specific objectives associated KPIs structure -2021-



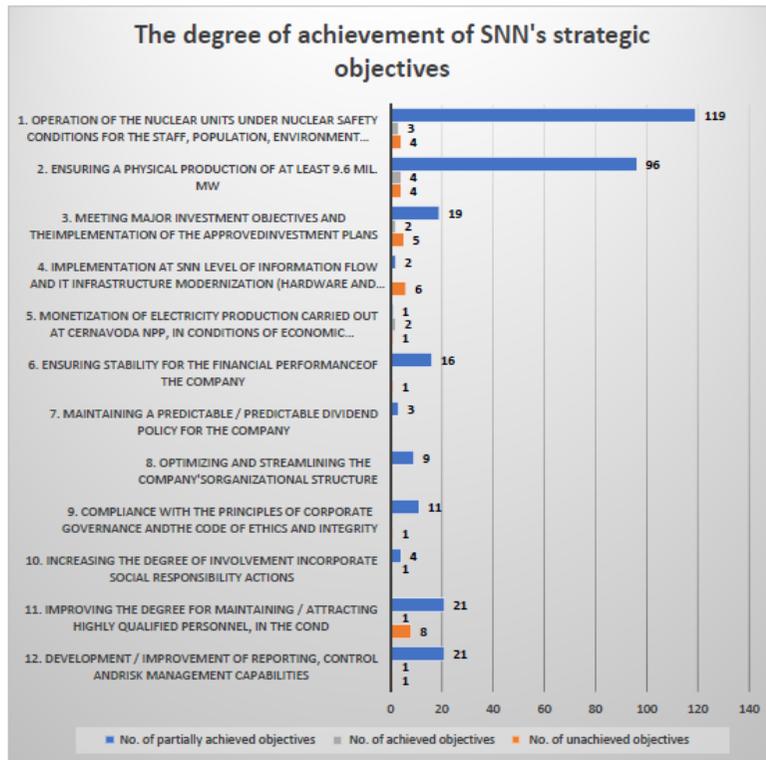
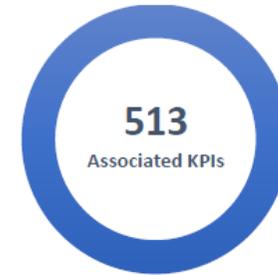
Specific objectives structure -2022-





Synthetically, the dashboards at company level, in relation to the degree of achievement of the goals for the period 2020-2021 are as follows:

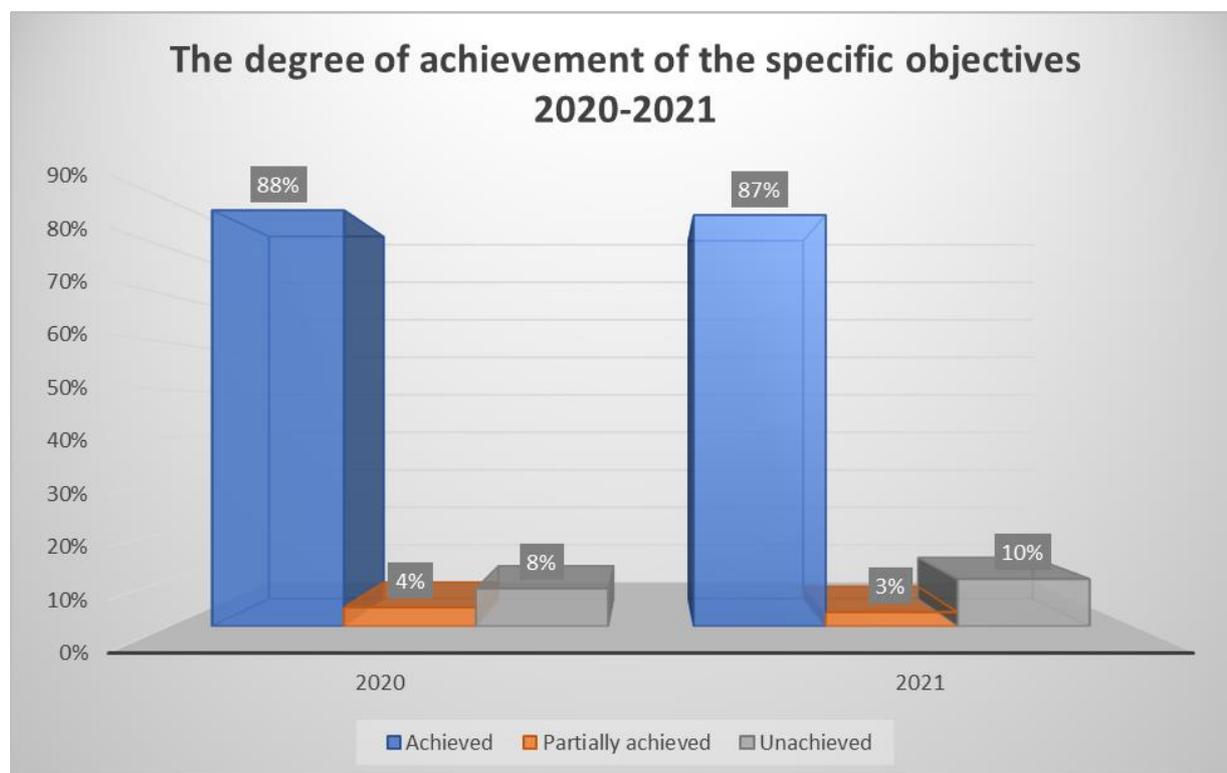
S.N. NUCLEARELECTRICA S.A. 2020 OBJECTIVES



S.N. NUCLEARELECTRICA S.A. 2021 OBJECTIVES



Comparatively, during 2019-2021, the degree of achievement of specific goals and the related performance indicators, is as follows:



The monitoring carried out during 2019-2021 revealed a high degree of achievement of specific goals within SNN, despite the unprecedented challenges and unpredictability of the global crisis generated by the COVID pandemic in 2020 and 2021, with the organization managing to respond promptly, focused on internal activities, ensuring business continuity, and maintaining the activity/operations at an optimum level. This situation is the result of the actions taken within the organization, with the measures implemented having high efficiency, and having counteracted the adverse effects generated by the current context.

IV. PERFORMANCE INDICATORS

The contracts of mandate concluded between the Company and the non-executive directors and the executive director set out a variable component of the remuneration, established based on the financial and non-financial performance indicators approved at company level, in correlation with short, medium and long term objectives, specified in the Letter of Expectations formulated in the selection process of directors and managers who signed the contract of mandate, carried out according to OUG 109/2011. The financial performance indicators and the non-financial performance indicators (operational and for corporate governance) approved in order to measure the performance of the company over the entire term of the mandate of the non-executive directors and of the executive director are determined in compliance with the methodology set out by HG [Government Decision] No. 722/2016.

The performance indicators approved by OGMS Resolution No. 3/April 10, 2019 for the non-executive directors for the entire term of the mandate contract, are as follows:

Item No.	Performance Objective/Indicators				Verification Tool
	Indicator Name	Share in the variable component			
		Short-term indicators	Medium-term indicators	Long-term indicators	
Governance Indicators		40 %			
1	Monitoring the performance of the executive management	12 %	-	-	Quarterly Report of SNN Managers
2	Monitoring risk management	10 %	-	-	Quarterly Report of risk management
3	Monitoring communication transparency	8 %	-	-	Periodic publication of corporate governance information
4	Implementing the company's strategy	-	5 %	5 %	Progress Report
Operational Indicators		30 %			
1	No operating event exceeding level 1 on the International Nuclear Event Scale	2 %			INES Scale as per the IEAE.org site
2	Degree of achievement of Investment Budget	10 %	2 %	2 %	Annex No. 4 REB
3	Obtaining a coefficient of use of installed power of at least	7 %	1 %	1 %	Production achieved MWh/Maximum theoretical production MWh
4	EHS - Annual collective dose	2 %	-	-	Total dose, unit average, man Sv (ALARA Quarterly Report)
5	EHS - Effluents in the environment	2 %	-	-	MicroSv/NPP (ALARA Quarterly Report)
6	EHS - Maximum admissible dose	-	0.5 %	0.5 %	mSv/person (ALARA Annual Report)
Financial Indicators		30 %			
1	Gross profit	7 %	1 %	1 %	Profit and Loss Account Form
2	Average price/MWh on the competitive market	8 %	1 %	1 %	Price published by OPCOM
3	Falling within the total operating expenses budgeted	9 %	1 %	1 %	Annex No. 1 REB

The target values proposed for the Operational Indicators related to nuclear security, detailed under the heading "Verification Tool", were set as follows:

• **EHS - Annual collective dose**

Dose targets of Cernavoda NPP - corresponding to the period 2019 – 2023, as per IR – 96002 – 035, Rev. 5, ALARA Long-Term Dose Reduction Plan.

• **EHS - Effluents in the environment**

The indicator is obtained by summing up the limit values of the targets set under the Operating Permits of the production units, as follows:

- Radioactive emissions into the environment (Dose limits for the population): 50 microSv/year (DICA Operation and Maintenance Authorization issued by CNCAN with No. SNN DICA-04/2018, Section II.3 "Conditions regarding the radioprotection of professionally exposed personnel, population and environment, and decommissioning", point 2);

- Radioactive emissions into the environment (Dose limits for the population): 0.1 mSv/year (100 microSv/year) according to the Authorization for Operation and Maintenance of Cernavoda Nuclear Power Plant, Unit 1, No. SNN Cernavoda NPP U1 – 01/2013, section “Conditions for the operation of the Cernavoda Nuclear Power Plant - Unit 1”, point 18;

- Radioactive emissions into the environment (Dose limits for the population): 0.1 mSv/year (100 microSv/year) according to the Authorization for Operation and Maintenance of Cernavoda Nuclear Power Plant, Unit 2, No. SNN Cernavoda NPP U2 – 02/2013, section “Conditions for the operation of the Cernavoda Nuclear Power Plant - Unit 2”, point 17.

• **EHS - Maximum admissible dose**

The individual dose limit from professional exposure to ionizing radiation is 20 mSv, according to CNCAN Order 136/2018 approving the Fundamental Norms for Radiological Safety dated June 12, 2018, "Art. 53. - (1) The dose limit for professional exposure applies to the sum of the annual professional exposures of a worker from all the authorized practices he/she carries out. 2. The actual dose limit for professional exposure is 20 mSv for each year.”

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 amended in case of a rectification of the Revenue and Expenditure Budget, approved under the conditions of the law and of the Articles of Incorporation.

The financial performance indicators are checked by reference to the obtained values of these indicators, as such are registered in the Company’s financial and accounting records.

The method of verification of non-financial indicators is performed by analyzing the status of achievement of these indicators included in Reports/Calculation Formulas indicated in the column "Verification Tools", in the table above.

Performance objectives and indicators, as well as the target values attached to them for each year in the period 2019 – 2022 are included in the mandate contract, concluded by the directors with the Company in compliance with the provisions of OUG 109/2011.

Degree of achievement of key performance indicators for the Board of Directors - Non-Executive Member - cumulatively for 2020

Nr. Crt.	Objective/Performance indicators				Verification tool	Target Quarter IV 2020	Realised Quarter IV 2020	Accomplishment degree capped to 100%	Limity capped (%)
	Indicator	Weighting in the variable component of the short - term indicators	Weighting in the variable component of the medium - term indicators	Weighting in the variable component of the long - term indicators					
0	1	2	3	4	5	6	7	8	9
Governance indicators									
1	Monitoring the performance of the executive management	12.00%	-	-	Quarterly report of SNN directors	Accomplished	Accomplished	100%	12%
2	Monitoring of risk management	10.00%	-	-	Quarterly risk management report	Accomplished	Accomplished	100%	10%
3	Monitoring transparency in communication	8.00%	-	-	Regular publication of corporate governance information	Accomplished	Accomplished	100%	8%
4	Implementation of the company's strategy	-	5.00%	5.00%	Progress report	Accomplished	Accomplished	100%	10%
Operational indicators									
1	No operating events that exceeded Level 1 on the International Nuclear Event Scale	2.00%	-	-	INE Scale according to IEAE.org website	Accomplished	Accomplished	100%	2%
2	Degree of achievement of investment budget	10.00%	2.00%	2.00%	Annex no. 4 BVC	60.00%	72.35%	100%	14%
3	Obtaining an utilization coefficient of installed power capacity of minimum	7.00%	1.00%	1.00%	Realised production (MWh)/Maximum theoretical production (MWh)	80%	93%	100%	9%
4	EHS - Annual collective dose	2.00%	-	-	Total dose, average per unit, man Sv (ALARA quarterly report)	Annual indicator level (0,42 om/Sv)	0.36	100%	2%
5	EHS - Effluents in the environment	2.00%	-	-	MSv/CNE (ALARA quarterly report)	250	5.58	100%	2%
6	EHS - Maximum allowable dose	-	0.50%	0.50%	Msv/man (ALARA annual report)	20	7.50	100%	1%
Financial indicators									
1	Gross profit	7.00%	1.00%	1.00%	Form "Profit and Loss Account"	100,000,000 lei	815,408,615 lei	100%	9%
2	Average price/MWh on the competitive market	8.00%	1.00%	1.00%	Price published by OPCOM	90% * ROPEX_FM 31.12.2019 (90% * 270,47 lei/MWh = 243,42 lei/MWh)	236,03 lei/MWh	97%	10%
3	Keeping Total Operating Expenses at budgeted value	9.00%	1.00%	1.00%	Annex no. 1 BVC	Accomplished	Accomplished	100%	11%
The weighted average degree of accomplishment of the key indicators									99.7%

Degree of achievement of key performance indicators for the Board of Directors - Non-Executive Member - cumulatively for 2021

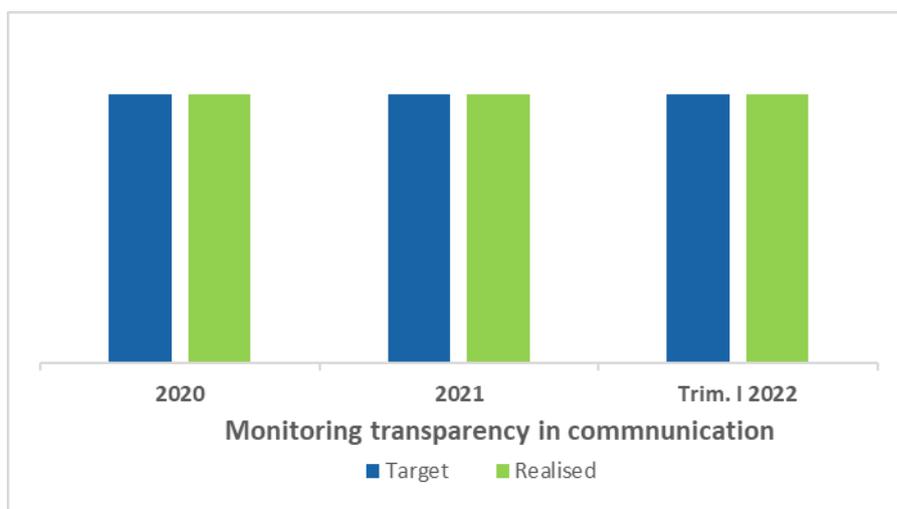
Nr. Crt.	Objective/Performance indicators				Verification tool	Target Quarter IV 2021	Realised Quarter IV 2021	Accomplishment degree capped to 100%	Limity capped (%)
	Indicator	Weighting in the variable component of the short - term indicators	Weighting in the variable component of the medium - term indicators	Weighting in the variable component of the long - term indicators					
0	1	2	3	4	5	6	7	8	9
Governance indicators									
1	Monitoring the performance of the executive management	12.00%	-	-	Quarterly report of SNN directors	Accomplished	Accomplished	100%	12%
2	Monitoring of risk management	10.00%	-	-	Quarterly risk management report	Accomplished	Accomplished	100%	10%
3	Monitoring transparency in communication	8.00%	-	-	Regular publication of corporate governance information	Accomplished	Accomplished	100%	8%
4	Implementation of the company's strategy	-	5.00%	5.00%	Progress report	Accomplished	Accomplished	100%	10%
Operational indicators									
1	No operating events that exceeded Level 1 on the International Nuclear Event Scale	2.00%	-	-	INE Scale according to IEAE.org website	Accomplished	Accomplished	100%	2%
2	Degree of achievement of investment budget	10.00%	2.00%	2.00%	Annex no. 4 BVC	60.00%	89.60%	100%	14%
3	Obtaining an utilization coefficient of installed power capacity of minimum	7.00%	1.00%	1.00%	Realised production (MWh)/Maximum theoretical production (MWh)	80%	92%	100%	9%
4	EHS - Annual collective dose	2.00%	-	-	Total dose, average per unit, man Sv (ALARA quarterly report)	Annual indicator level (0,32 om/Sv)	0.19	100%	2%
5	EHS - Effluents in the environment	2.00%	-	-	MSv/CNE (ALARA quarterly report)	250	7.39	100%	2%
6	EHS - Maximum allowable dose	-	0.50%	0.50%	Msv/man (ALARA annual report)	20	7.77	100%	1%
Financial indicators									
1	Gross profit	7.00%	1.00%	1.00%	Form "Profit and Loss Account"	100,000,000 lei	1,202,687,117 lei	100%	9%
2	Average price/MWh on the competitive market	8.00%	1.00%	1.00%	Price published by OPCOM	90% * ROPEX_FM 31.12.2020 (90% * 245,83 lei/MWh = 221,25 lei/MWh)	284,25 lei/MWh	100%	10%
3	Keeping Total Operating Expenses at budgeted value	9.00%	1.00%	1.00%	Annex no. 1 BVC	Accomplished	Accomplished	100%	11%
The weighted average degree of accomplishment of the key indicators									100%

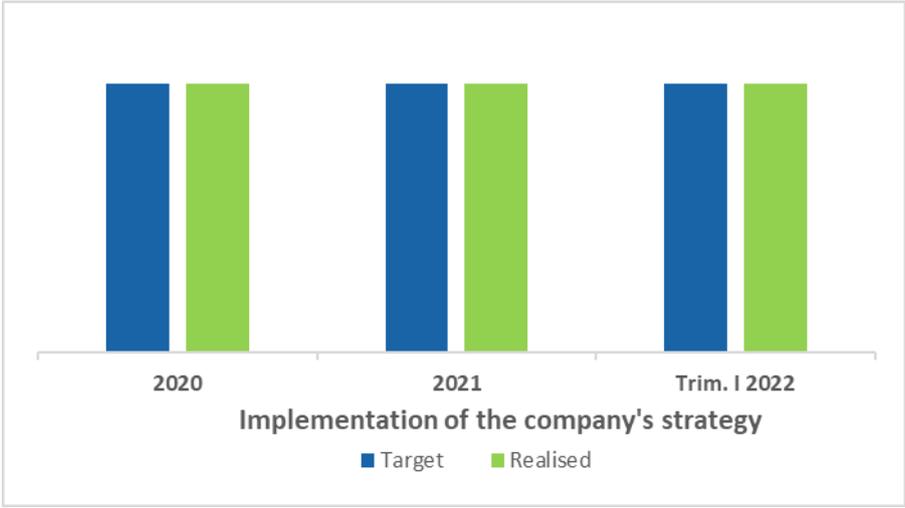
Degree of achievement of key performance indicators for the Board of Directors - Non-Executive Member - for Quarter 1 of 2022

Nr. Crt.	Objective/Performance indicators				Verification tool	Target Quarter I 2022	Realised Quarter I 2022	Accomplishment degree capped to 100%	Limity capped (%)
	Indicator	Weighting in the variable component of the short - term indicators	Weighting in the variable component of the medium - term indicators	Weighting in the variable component of the long - term indicators					
0	1	2	3	4	5	6	7	8	9
Governance indicators									
1	Monitoring the performance of the executive management	12.00%	-	-	Quarterly report of SNN directors	Accomplished	Accomplished	100%	12%
2	Monitoring of risk management	10.00%	-	-	Quarterly risk management report	Accomplished	Accomplished	100%	10%
3	Monitoring transparency in communication	8.00%	-	-	Regular publication of corporate governance information	Accomplished	Accomplished	100%	8%
4	Implementation of the company's strategy	-	5.00%	5.00%	Progress report	Accomplished	Accomplished	100%	10%
Operational indicators									
1	No operating events that exceeded Level 1 on the International Nuclear Event Scale	2.00%	-	-	INE Scale according to IEAE.org website	Accomplished	Accomplished	100%	2%
2	Degree of achievement of investment budget	10.00%	2.00%	2.00%	Annex no. 4 BVC	10.00%	14.19%	100%	14%
3	Obtaining an utilization coefficient of installed power capacity of minimum	7.00%	1.00%	1.00%	Realised production (MWh)/Maximum theoretical production (MWh)	80%	99.7%	100%	9%
4	EHS - Annual collective dose	2.00%	-	-	Total dose, average per unit, man Sv (ALARA quarterly report)	Annual indicator level (0,40 om/Sv)	0.02	100%	2%
5	EHS - Effluents in the environment	2.00%	-	-	MSv/CNE (ALARA quarterly report)	250	1.96	100%	2%
6	EHS - Maximum allowable dose	-	0.50%	0.50%	Msv/man (ALARA annual report)	20	1.67	100%	1%
Financial indicators									
1	Gross profit	7.00%	1.00%	1.00%	Form "Profit and Loss Account"	30,000,000 lei	974,823,305 lei	100%	9%
2	Average price/MWh on the competitive market	8.00%	1.00%	1.00%	Price published by OPCOM	90% * ROPEX_FM 31.12.2021 (90% * 477.62 lei/MWh = 429.86 lei/MWh)	659,75 lei/MWh	100%	10%
3	Keeping Total Operating Expenses at budgeted value	9.00%	1.00%	1.00%	Annex no. 1 BVC	Accomplished	Unaccomplished	0%	0%
The weighted average degree of accomplishment of the key indicators									89%

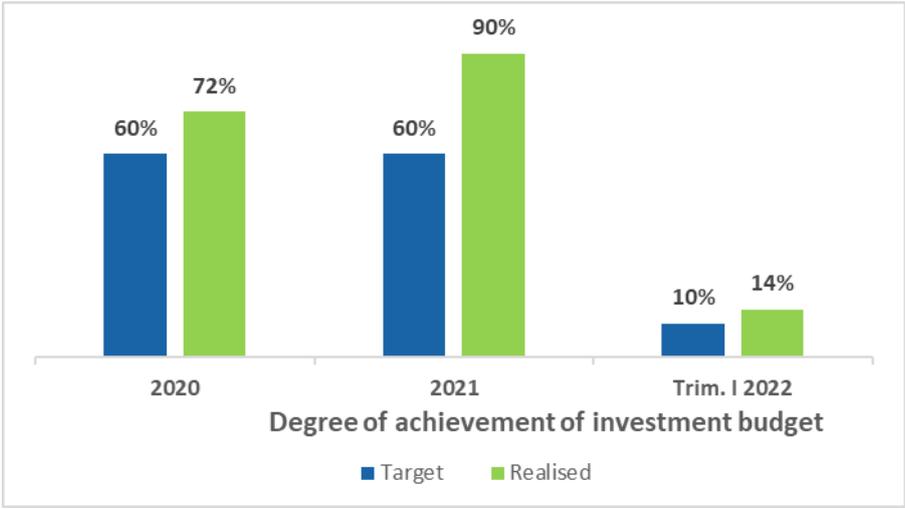
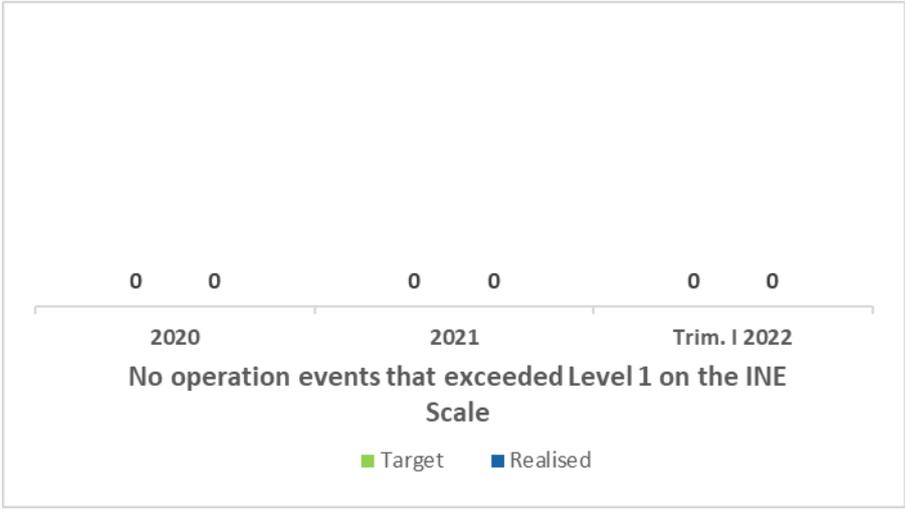
Evolution of the degree of achievement of key performance indicators for the Board of Directors during the mandate contract - Non-Executive Member

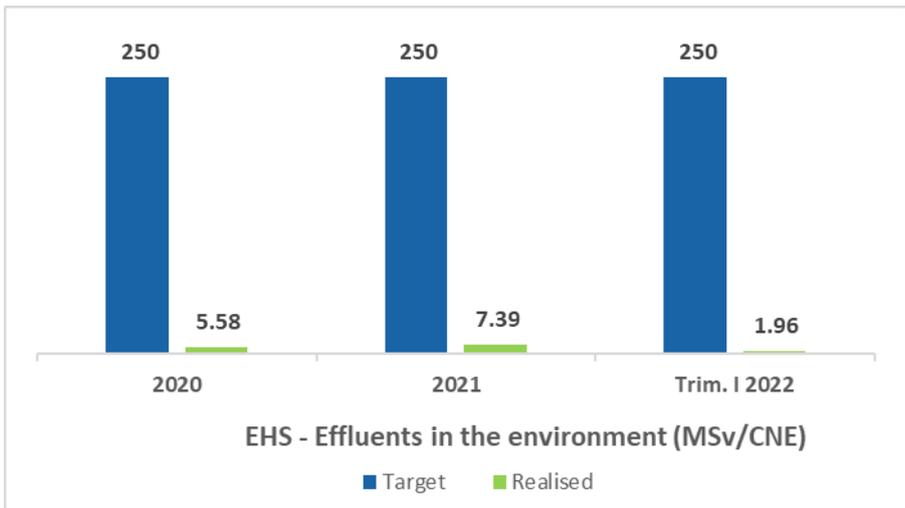
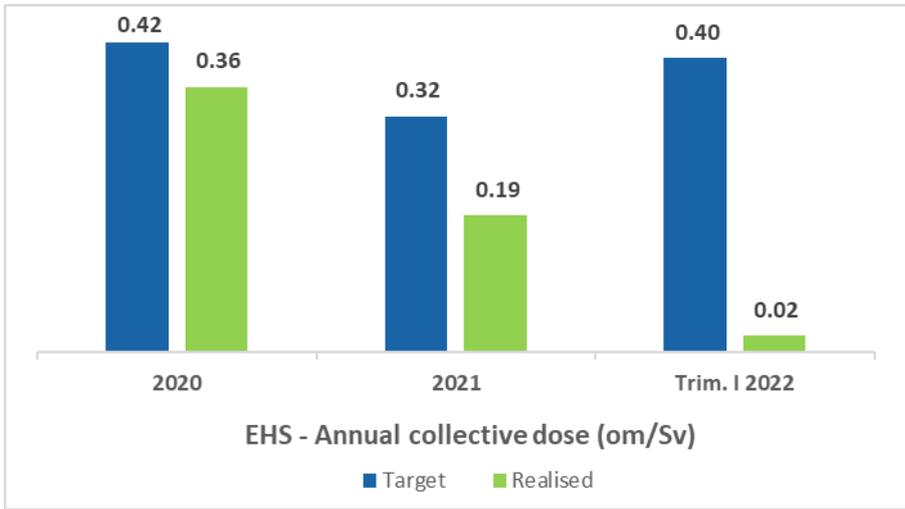
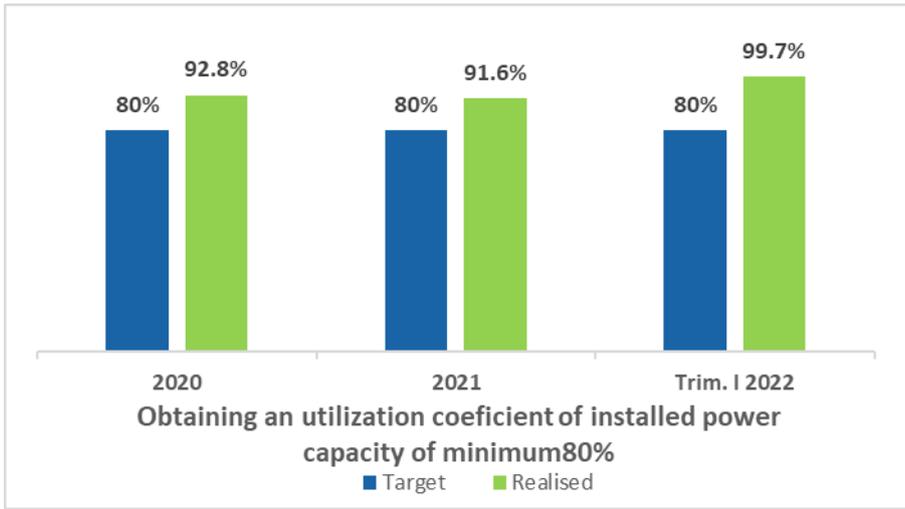
Governance Indicators for the Period 2020, 2021, Quarter 1 of 2022

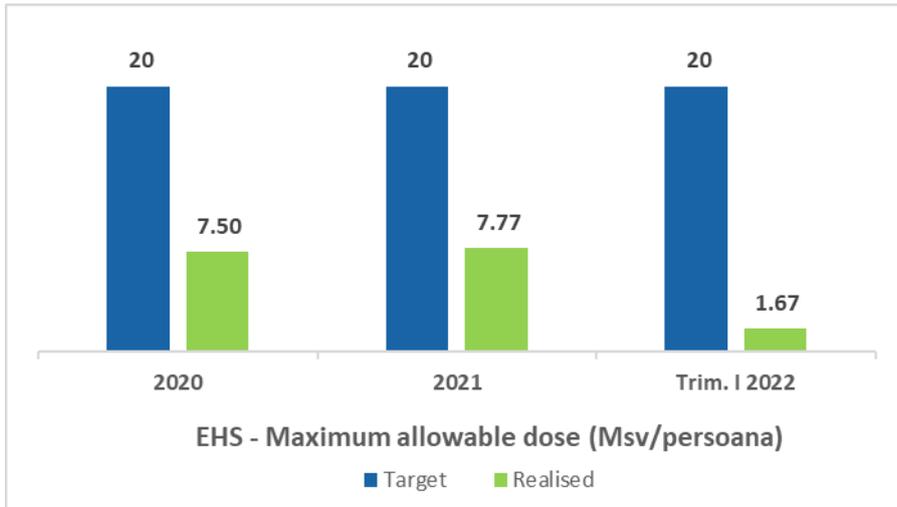




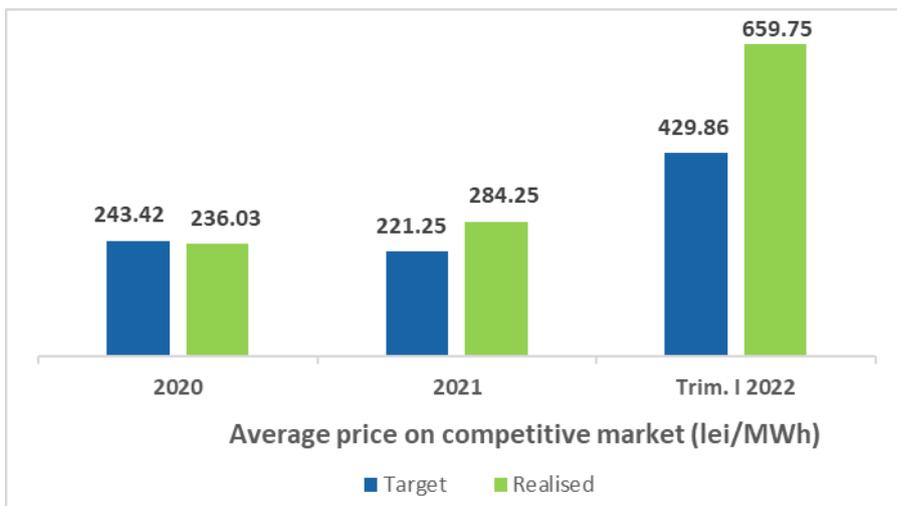
Operational Indicators for the Period 2020, 2021, Quarter 1 of 2022

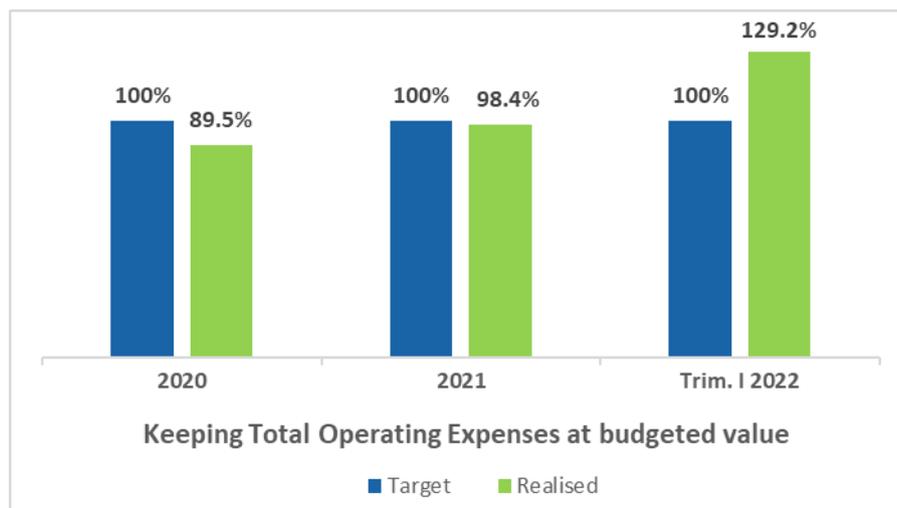






Financial Indicators for the Period 2020, 2021, Quarter 1 of 2022

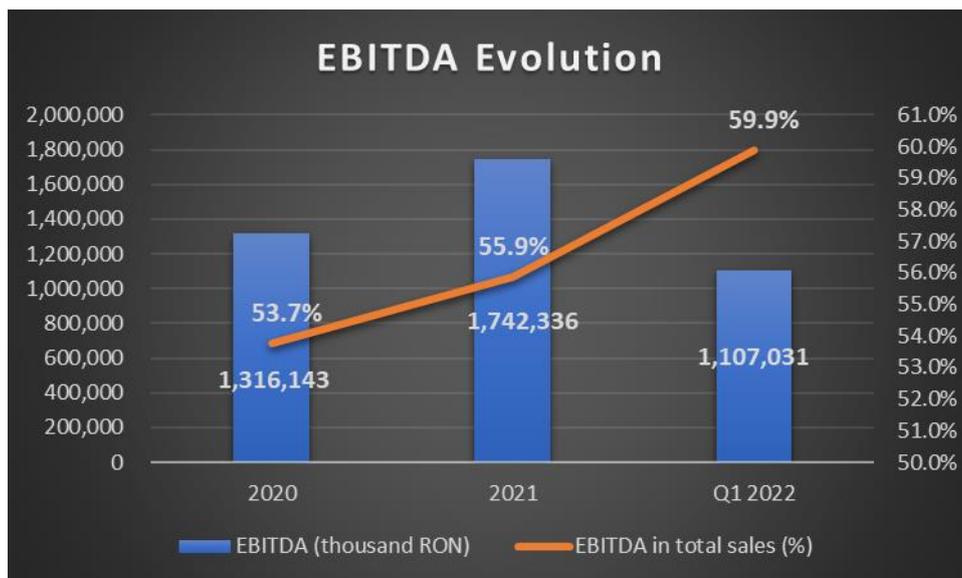




V. ANALYSIS OF THE COMPANY'S FINANCIAL PERFORMANCE

During the term of the mandate contract included in the analysis, the main financial indicators have constantly improved, thus EBITDA had a positive evolution from 2020 to 2021, the increase being of 32.28 %, and for the period January - March 2022, EBITDA continues its evolution, mainly influenced by the increase of revenues from the sale of electricity.

RON '000	2020	2021	Quarter 1 of 2022	Var (%)
	(audited)	(audited)	(unaudited)	2021 vs. 2020
Sold energy quantity (GWh)	10,558	10,377	2,789	(1.71 %)
Operating revenues, of which	2,500,172	3,203,880	1,867,368	28.15 %
Income from electricity sales	2,432,279	3,103,150	1,844,368	27.58 %
Additional income tax expense	-	-	(459,177)	-
Operating expenses, less depreciation and amortization	(1,184,029)	(1,461,544)	(301,160)	23.44 %
EBITDA	1,316,143	1,742,336	1,107,031	32.38 %
Impairment and depreciation	(544,752)	(562,856)	(150,904)	3.32 %
EBIT	771,391	1,179,480	956,127	52.90 %
Net financial result	44,016	24,614	18,697	(44.08 %)
Gross profit	727,375	1,154,866	937,430	58.77 %
Corporate tax expense	(116,086)	(167,832)	(155,922)	44.58 %
Net profit	699,321	1,036,262	818,901	48.18 %



Evolution of Main Financial and Non-Financial Indicators during the Term of Office

Indicator [thousand lei]	Formula	m.u.	2020	2021	Q1 2022
Profit indicators					
EBITDA in total sales	EBITDA/Turnover	%	53.7%	55.9%	59.9%
EBITDA return on equity ratio	EBITDA/Equity	%	17.5%	20.8%	12.1%
Gross profit ratio	Gross profit/Turnover	%	33.3%	38.6%	52.7%
Return on equity	Net profit/Equity	%	9.3%	12.4%	8.9%
Return on assets	Net profit/Total assets	%	7.9%	10.8%	7.7%
Liquidity and solvability indicators					
Current liquidity ratio	Current assets/ Current liabilities	x	4.73	5.31	5.00
Quick liquidity ratio	Current assets - Inventories/Current liabilities	x	4.00	4.46	4.39
Patrimonial solvency	Equity/Total liabilities	x	5.68	6.64	6.17
Risk indicators					
Debt ratio indicator	Borrowed equity/Equity	x	0.04	0.02	0.01
Interest coverage ratio	EBIT/Interest expenses	x	58.25	111.37	430.27

In the period 2020, 2021 and Quarter I of 2022 a strengthening of the operational cash flows of the company may be observed, which provides the necessary liquidity for the current investment projects, as well as for the increased bankability of the major investment projects run by SNN, as well as ensuring the necessary liquidity for the payment of due instalments under the loans contracted.

Indicator [thousand RON]	2020 audited	2021 audited	Quarter 1 of 2022 unaudited
Profit before corporate tax	815,409	1,204,093	974,823
Value adjustments and amendments	489,668	450,160	8,017
Cash flows generated from operating activities	1,305,077	1,654,253	982,841
Net cash flow from operating activities	1,236,947	1,534,834	996,721

Net cash flow corresponding to investment activities	-1,766,902	-65,773	-36,172
Net cash flow corresponding to financing activities	-716,625	-698,227	-35,302
Net (decrease)/increase in cash and cash equivalents	-1,246,580	770,834	925,247
Cash and cash equivalents at the beginning of the period	1,793,145	546,566	1,317,400
Cash and cash equivalents at the end of the period	546,566	1,317,400	2,242,647

Starting with 2020, SNN has consolidated its cash management policy in view of obtaining an optimum financial yield. Thus, the placement of surplus cash in bank deposits with a maturity below 12 months was sought, as well as the investment in state bonds issued by the Romanian State through the Ministry of Public Finance, in order to diversify the investment portfolio, while in order to reduce the counterparty risk, exposure limits have been set. Bank deposits with a maturity over 3 months, as well as the purchase of state bonds are reflected under the position “Net cash flow corresponding to investment activities”.

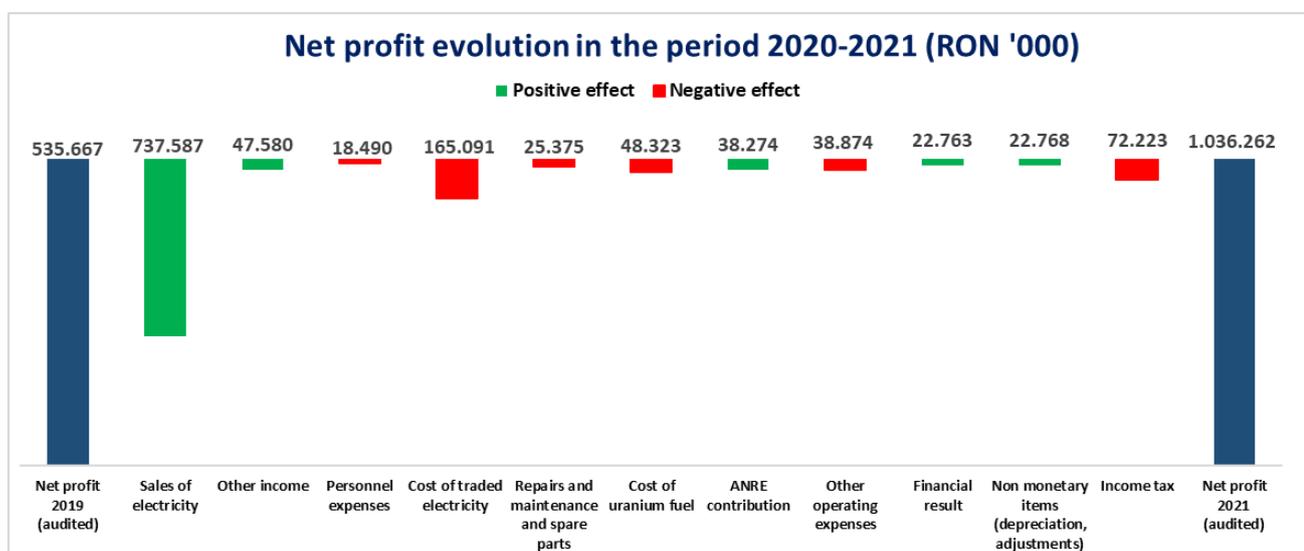
One of the goals of the Board of Directors undertaken under the management plan during the term of office is the fulfillment of the three financial indicators indicated in the contract with EURATOM: debt service coverage ratio may (over 1.5), debt ratio (maximum 2), revenues collected sufficient to cover the operating costs, maintenance and debt service for U1 and U2. According to the analysis presented below for the entire term of office, this goal has been met.

EURATOM			2020	2021
<i>Indicator</i>	<i>Admitted level</i>			
Debt service cover ratio	min 1.5		5.40	6.50
Gearing ratio	max. 2		0.10	0.04
The income collected is sufficient to cover operating, maintenance and debt service costs for U1 and U2 (thousand RON)	the income collected to exceed the operating costs and the debt service	<i>Income</i>	2,446,003	3,116,639
		<i>operational costs of operation and maintenance</i>	(1,177,154)	(1,436,715)
		<i>debt service</i>	(221,887)	(227,354)
			Accomplished	Accomplished

In terms of the indicators regarding the **capacity of self-financing**, mentioned in the Management Plan, their evolution, according to the data below, records a general positive trend over the period 2020-2021:

Capacity of self-financing	2020	2021
Net result of the financial year	699,321	1,036,262
+ depreciation and provisions, net	550,546	590,050
- shares of investment subsidies paid in the result of the financial year	(14,347)	(14,361)
+ net book value of asset items assigned	(1,187)	1,101
CAF (thousand RON)	1,234,334	1,613,051

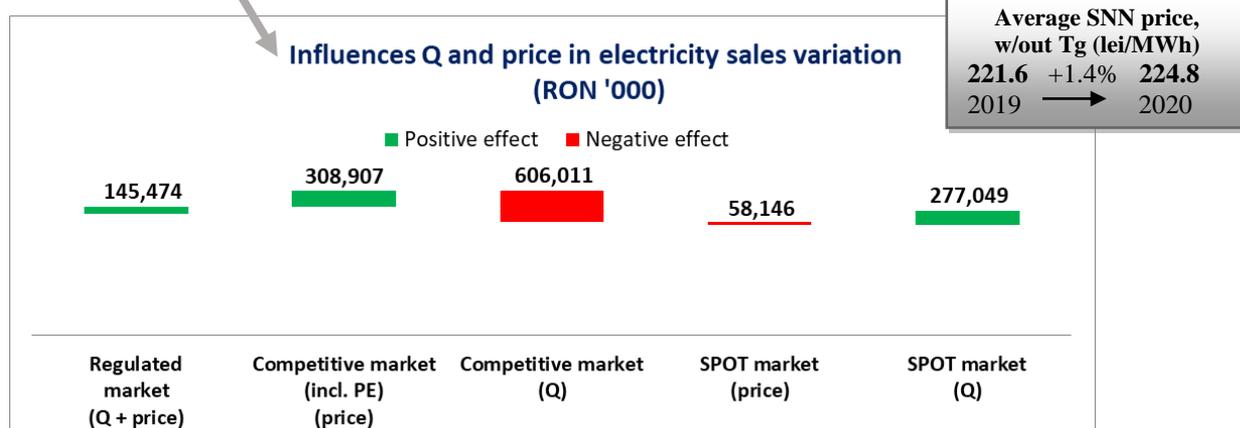
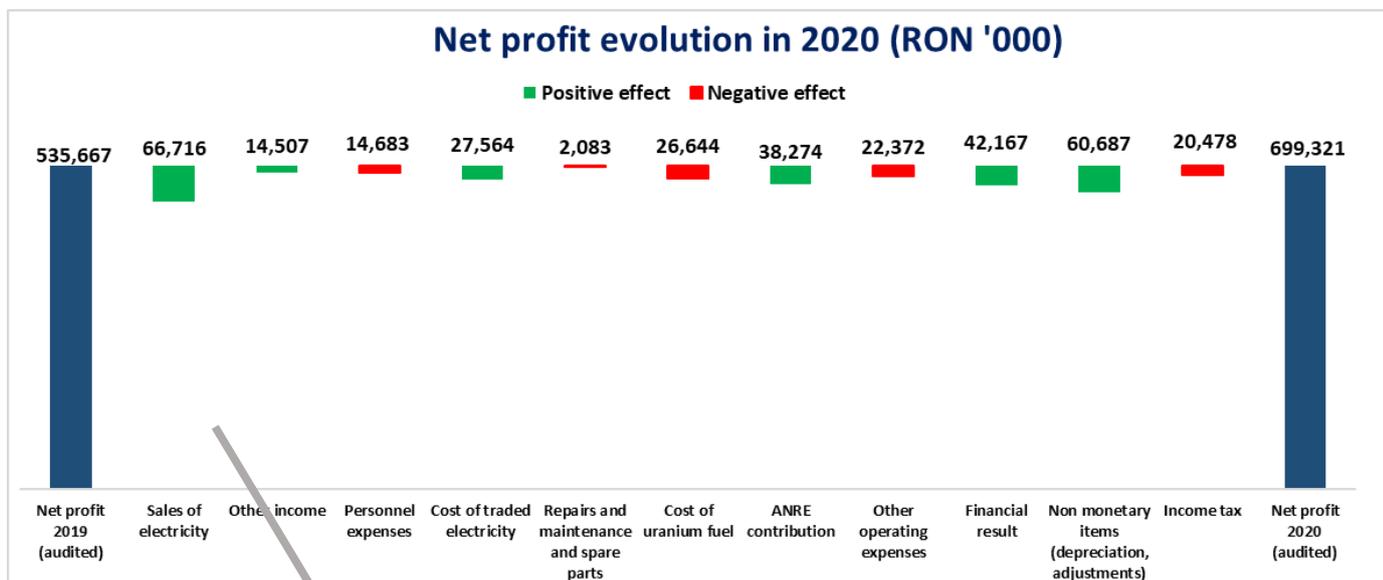
The evolution of net profit during the mandate is as follows:



In the period 2020-2021, the net profit obtained by SNN increased by 93.5 %, as a result of the significant increase in revenues obtained from the sale of electricity (including sales of thermal energy), influenced by the prices obtained for a similar quantity of electricity sold annually. The average price obtained by SNN, without Tg, increased from 224.79 RON/MWh in 2020 to 282.99 RON/MWh in 2021, i.e., a 25.9% increase.

The negative impact in the period 2020-2021 is mainly caused by the increase in the cost of purchased electricity, other operating expenses, and the cost of nuclear fuel. Overall, the net financial result had a positive impact on the net profit, and the net income tax expense increased as a result of the increase in the taxable profit.

The analysis for each financial year is as follows:

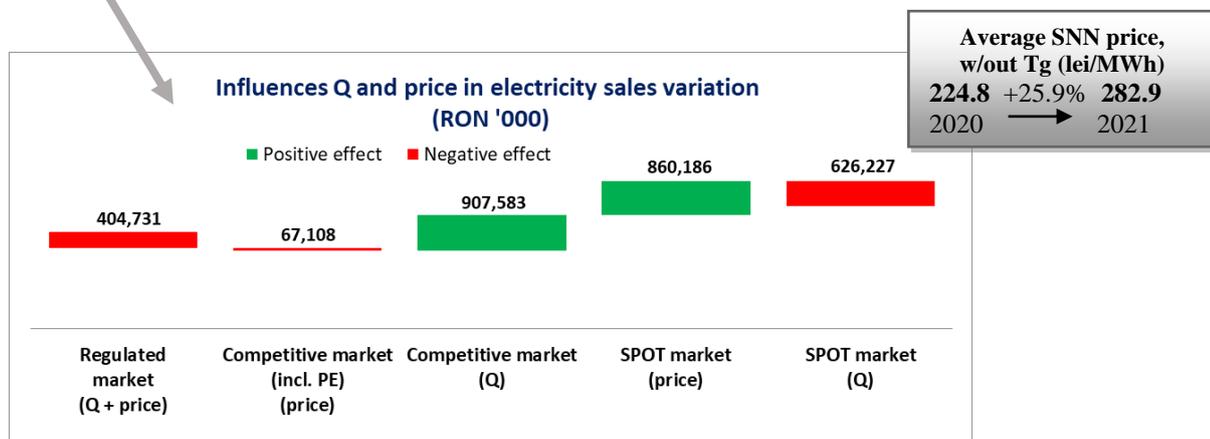
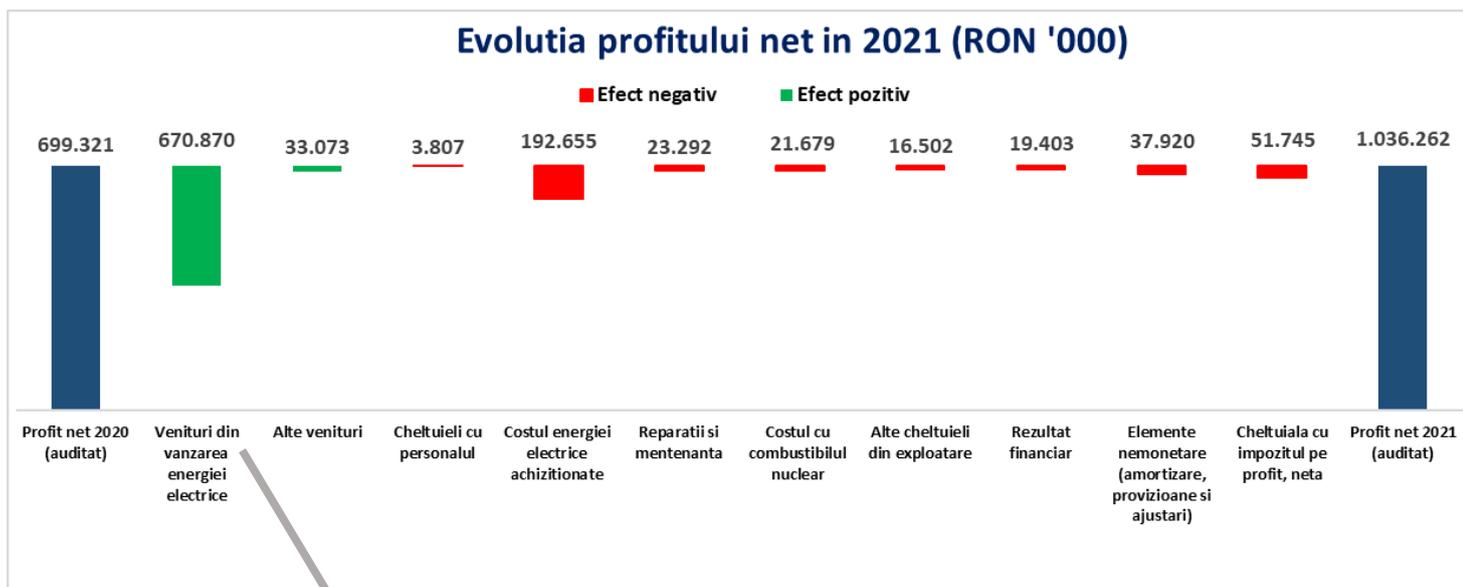


Compared to the results obtained in the financial year 2019, in 2020 the net result mainly benefited from a slight increase in revenues from electricity sales (including sales of thermal energy) mainly supported by the increase in the average price obtained on the competitive market. In 2020, SNN sold 2,181.6 GWh on the regulated market, at an average price of 185.55 RON/MWh, compared to 1,376.9 GWh at an average price of 188.33 RON/MWh in 2019. Other positive influences are determined by the decrease of non-monetary items (amortization, provisions and adjustments), the decrease of the contribution and the cost of the electricity purchased.

The decrease in the ANRE contribution is determined by the decrease of the percentage applied to the turnover achieved from the activities carried under the ANRE licenses from 2 % in 2019 (according to Emergency Ordinance No. 114/2018) to 0.1 % (according to ANRE Order No. 1/2020).

The impact is mainly caused by the increase in the net income tax expenses, nuclear fuel cost, other operating expenses, personnel expenses, and the cost of repairs and spare parts.

In 2020, the financial result had a positive impact on the net profit.

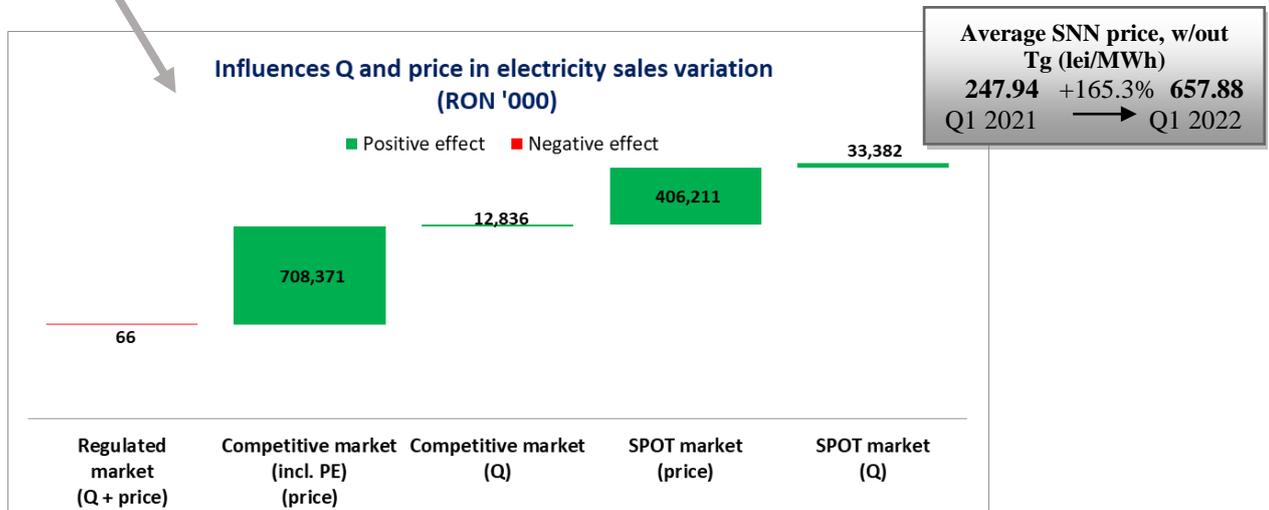
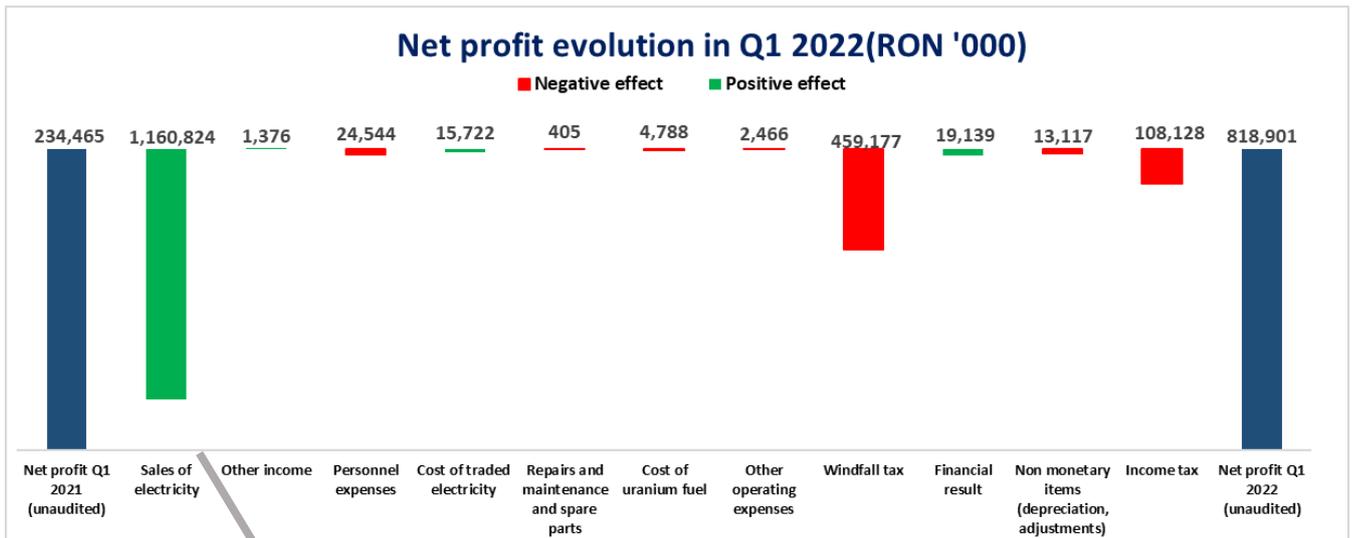


Compared to the results obtained in the financial year 2020, in 2021 the net result benefited from a significant increase in revenues from electricity sales (including sales of thermal energy), in the context of removal of the obligations regarding the regulated market, and an increase in other revenues.

The negative impact is mainly caused by the increase in the cost of the electricity purchased, the increase in the net income tax expense, as a result of the increase in the taxable profit, the increase in the cost of repairs and spare parts, the cost of nuclear fuel, other operating expenses and personnel expenses.

The cost of purchased electricity registered a significant increase of RON 122 million compared to 2020; in 2021, 547,501 MWh were purchased (2020: 247.013 MWh), at an average price of 359.79 RON/MWh (2020: 198.73 RON/MWh) necessary to cover the contractual obligations during the period of planned and unplanned outages of U1 and U2. The electricity purchased on the Balancing Market in order to cover the imbalances produced increased by RON 70.8 million in 2021, compared to 2020.

In 2021, the financial result had a negative impact on the net profit obtained.



During the 3-month period that ended on March 31, 2022, SNN obtained a net profit of RON 818,901 thousand, 249.3 % up in relation to the same period of 2021. Electricity sales have benefited from a significant increase, influenced by the increase in the prices obtained by SNN, for a similar quantity of electricity.

The impact of the increase in the revenues from the sale of electricity was partially offset by the expense with the additional income tax. The additional income tax, amounting to RON 459,177 thousand, results from the difference between the average monthly sale price of electricity and the price of 450 RON/MWh, according to Art. II par. (1) o Law No. 259/2021 for the approval of OUG No. 118/2021, as further amended and supplemented. The tax rate applied to the additional income obtained is 80 %. The calculation method is set by OUG No. 27/2022 (Annex 6) and is applied for the entire 3-month reporting period concluded as of March 31, 2022.

The financial result obtained in the 3-month period that ended on March 31, 2022, has a positive impact on the net profit, instead there is an increase in income tax expense, as a result of the increase in taxable profit.

VI. DIVIDEND POLICY

The allocation of the net profit of SNN complies with the provisions of Government Ordinance No. 64/2001 (“O.G. 64/2001”) on profit distribution in national entities, national companies and companies with fully or majority state-owned capital, and autonomous administrations, as further amended and supplemented. Thus, according to the provisions of O.G. No. 64/2001, the minimum dividend distribution share is 50 % of the net profit remained after the distributions stipulated in Art. 1 par. (1) let. a)-e) of O.G. 64/2001.

In drafting the proposals to the General Meeting of Shareholders on the dividend distribution share, the company management has taken into consideration the following criteria:

- ❖ The compliance with the requirements in O.G. 64/2001 or in other applicable legislative acts, assimilated included;
- ❖ Keeping a balance between the need to compensate the shareholders by dividend and the financing needs by own sources of the company, including for investment projects;
- ❖ The correlation between the profit distributable for dividends and the monetary correspondence of the distributable profit, i.e., that part of the distributable profit with a monetary correspondence, after the adjustment of non-monetary elements; this has the goal the avoidance of de-capitalization of the company in case of an uncoupling between the profit distributable for dividends and the monetary counterparty of the profit;
- ❖ The possibility to provide a dividend yield correlated with other similar listed companies, as well as with a correlation of the dividend per share in the absolute amount with the one from the previous period.

The Management Plan sets forth the possibility of distributing the net profit to dividends between 50 % and 100 %. During the term of the mandate contracts, the company's dividend policy was complied with, the distribution shares being 72,29 % in 2020, and 62,27 % in 2021. These proposals for distribution have also taken into account the need to accumulate a source of funding for major investment projects.

Indicator [RON]	2020	2021*
Net profit	699,322,229	1,036,261,626
Distribution to the legal reserve (b)	-40,770,431	-60,204,665
Other reserves representing tax facilities stipulated by law (c)	-5,424,567	-19,130,130
Net profit distributable to dividends (d) = (a) + (b) + (c)	653,127,231	956,926,831
Employees' participation in the profit (e)	-21,326,448	-20,000,000
Net profit calculation base, dividend distribution (f) = (d) - (e)	674,453,679	976,926,831
Proposed dividends (g)	472,117,575	595,925,367
Allocated dividends	472,117,575	595,925,367
Profit distribution rate (%) = (g)/(f)	70.00 %	61,00%
Profit distribution rate ^2 (%) = (g)/(d)	72.29 %	62,27%

* The distribution of the net profit of the financial year 2021 per destinations was made in accordance with the provisions of O.G. No. 64/2001, as further amended and supplemented, OUG No. 3/2022 and HG No. 404/2022. For the 2021, according to HG No. 404/2022, SNN has distributed to the State budget, in the form of dividends, a share of 50 % of the

accounting profit remaining following the deduction of the income tax.

VII. OPERATIONAL EVOLUTION

Cernavoda NPP

From an operational point of view, SNN was concerned with:

- Operating the nuclear units in safe conditions for the personnel, the population, the environment and the production assets;
- Maintaining and consolidating the position of the Company in the production of electricity with low carbon emissions.

Characteristics of the operation of Units 1 and 2 of the Cernavoda NPP:

- high value of the use factor of the installed capacity; at an equal installed power, a nuclear group produces twice the quantity of power produced by a conventional group;
- absence of green house gas emissions;
- low dependence of the cost of the generated energy on the variations of uranium prices, due to its low weight compared to other types of energy;
- high technical level of the operating staff, the reasonable level of generation costs;
- nuclear energy answer integrally to the safety delivery requirements, durable development and competitiveness.

SN Nuclearelectrica SA (SNN) is the only producer of nuclear energy in Romania. The company operates 2 reactors with CANDU technology (**Canada deuterium uranium**) at the Cernavoda NPP nuclear power plant.

The Nuclear Units project at Cernavoda is based on the CANDU 600 reactor developed by AECL Canada. This type of reactor is part of the CANDU reactor family that uses heavy water neutron moderation technology. This technology is used worldwide in several countries, Canada, Argentina, Romania, China, Korea. The nuclear fuel used is natural uranium. This is produced at the Pitesti NPP, SNN Branch, as Romania has an integrated cycle of electricity production based on nuclear technology.

From a technical point of view, both in the design and construction phase, as well as in the operating phase, the highest applicable international standards in the field have been followed.

SNN/Cernavoda NPP is a member in several international organizations, and through these memberships it has access to the latest research results in the specific areas of CANDU technology (through Candu Owner's Group-COG) and to engineering studies applicable to the nuclear industry. Memberships cover the exchange of operating experience with power plants around the world through the World Association of Nuclear Operators - WANO and specific to CANDU power plants, through COG. Thus, through the exchange of technical and organizational experience, SNN/Cernavoda NPP is aligned with the level of the world nuclear industry.

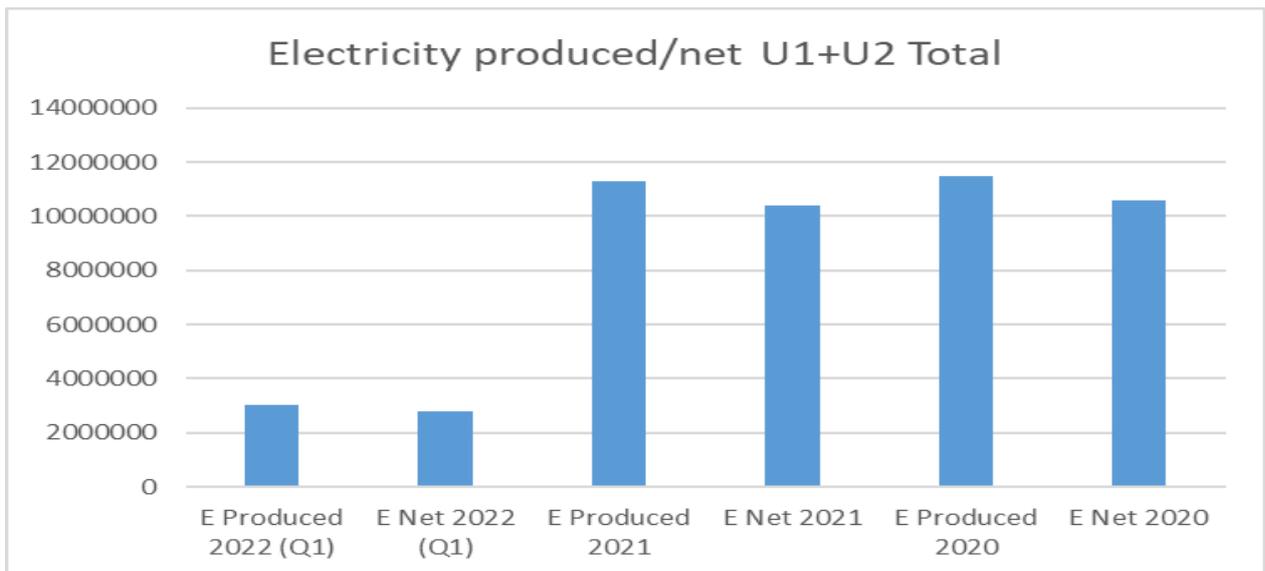
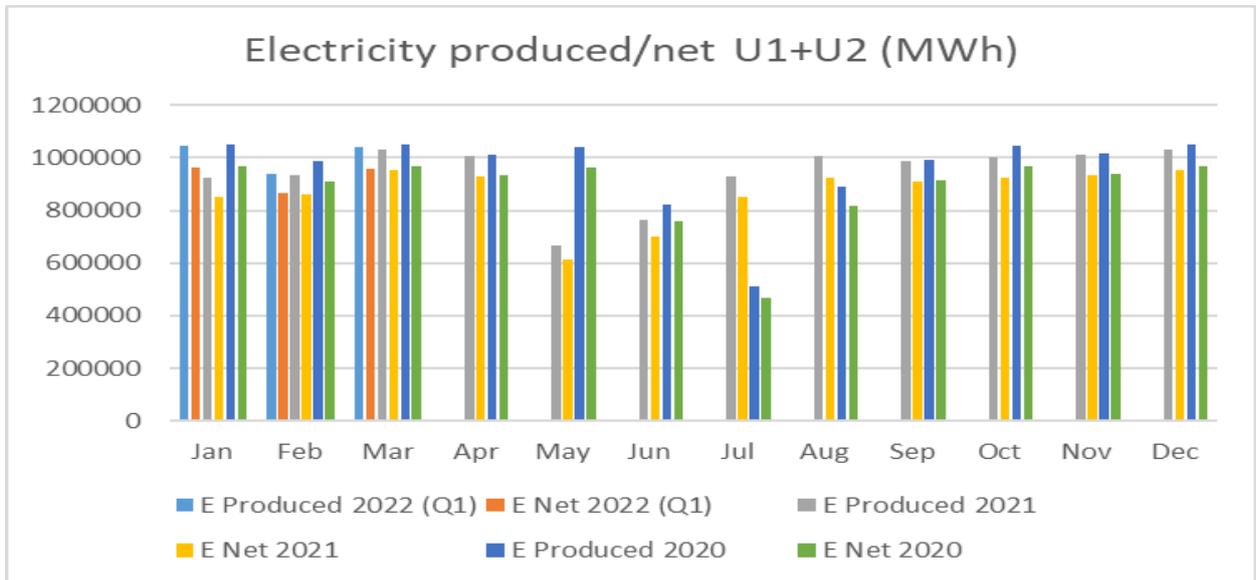
In the most recent global top of nuclear power plants, from 2019, made according to the capacity factor reached by each plant since its commissioning, Unit 2 held the 1st place, at global level, with a capacity factor of 93.3 %, and Unit 1 held the 4th place with a capacity factor of 89.7 %, Romania occupying the first place globally, of a total of 440 reactors.

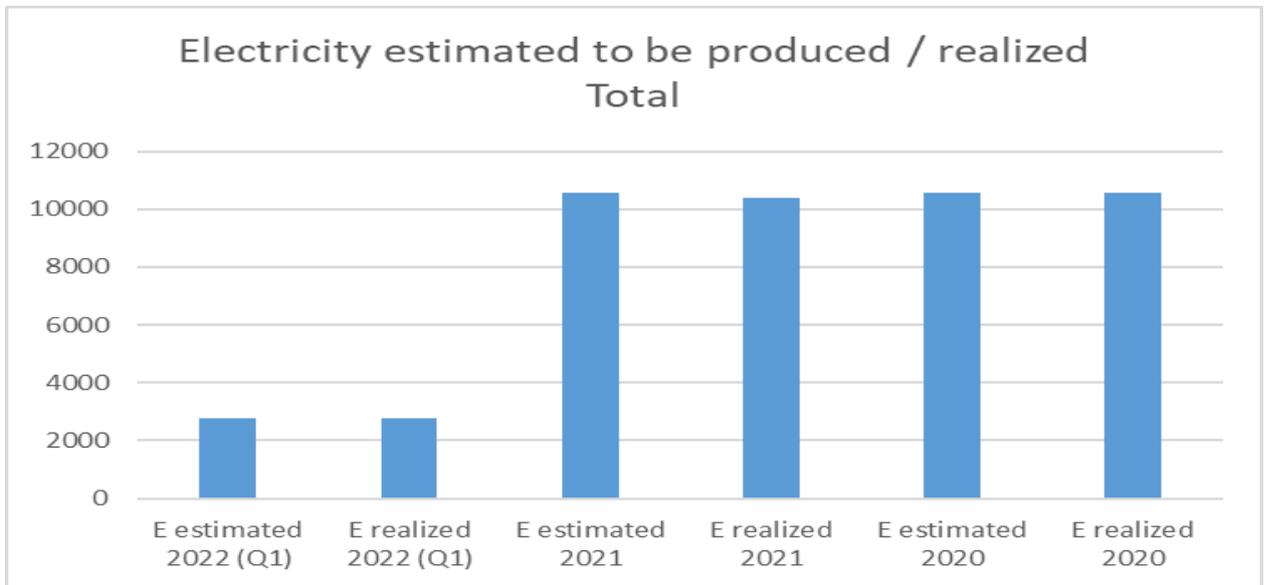
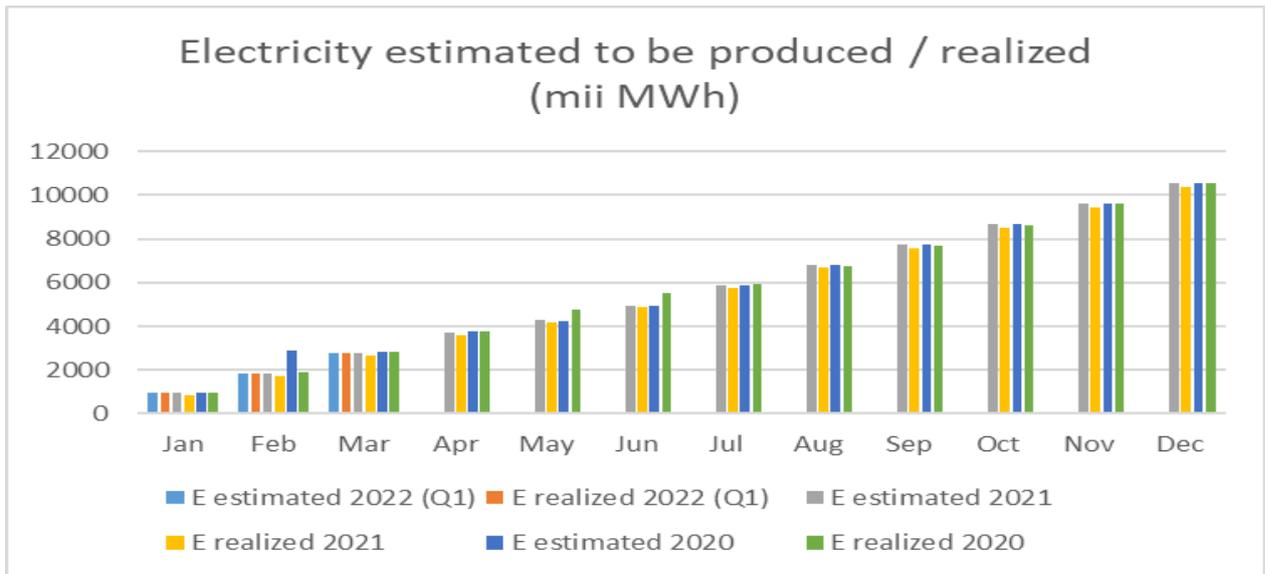
The rigorous implementation of the maintenance programs and of a continuous improvement program of the power plant project allowed the operation of the power plant at a capacity factor over 90 %.

Furthermore, the operating results of the Cernavoda NPP also depend on the very good quality of the fuel bundles manufactured by the Pitesti NPP.

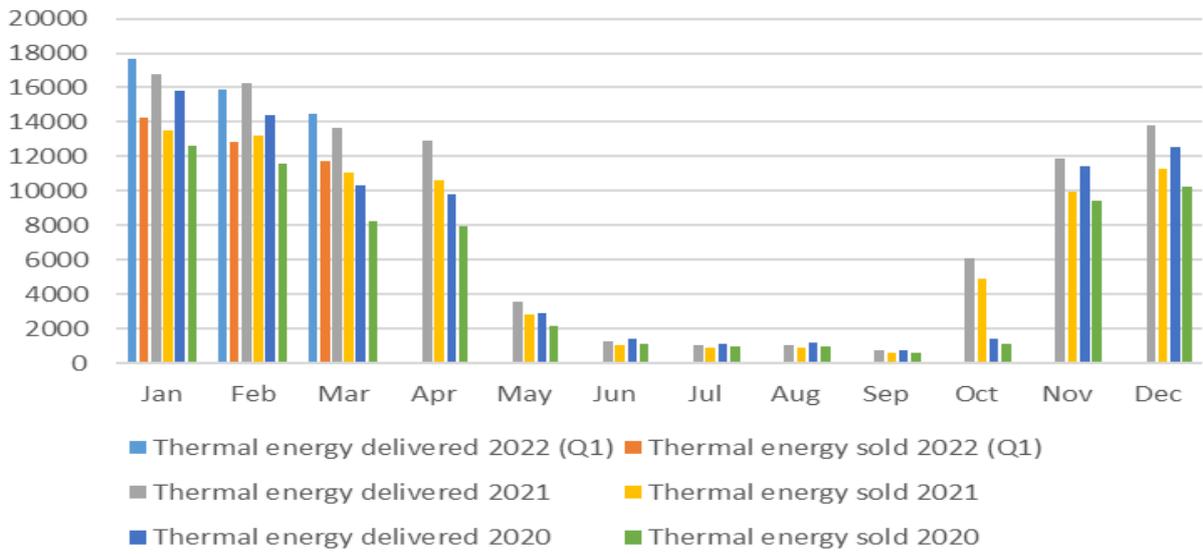
SNN covers a market share of approximately 20 %, and delivers clean energy without CO₂ emissions. In 25 years of operation, SNN has avoided the release into the atmosphere of 195 million tons of CO₂, and annually, the company is avoiding the release of 10 million tons of CO₂.

Graphic representation of the production of electricity, thermal energy and the capacity factor in the period 2020 - 2022 (Q1):

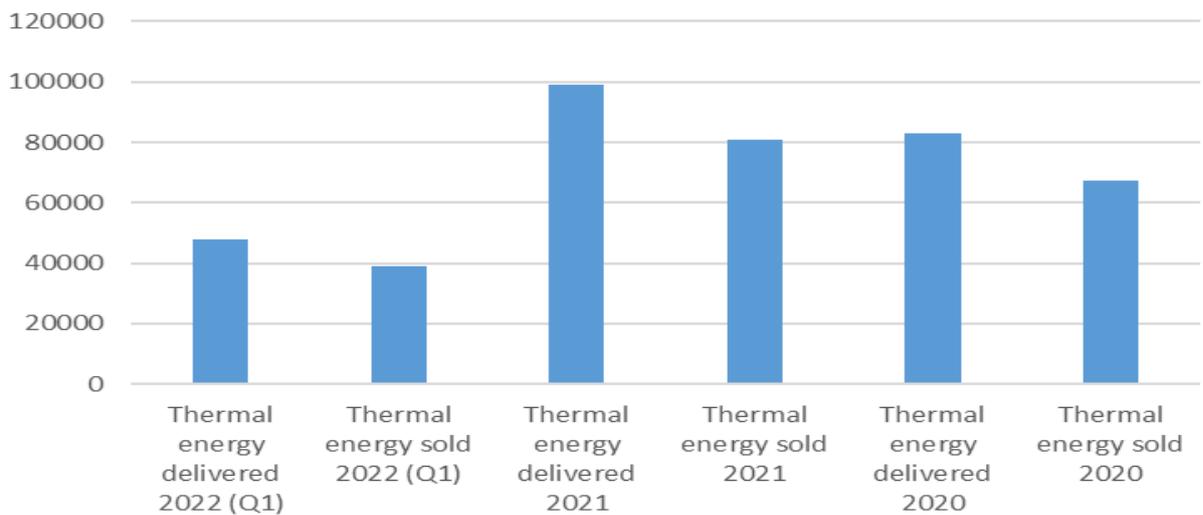


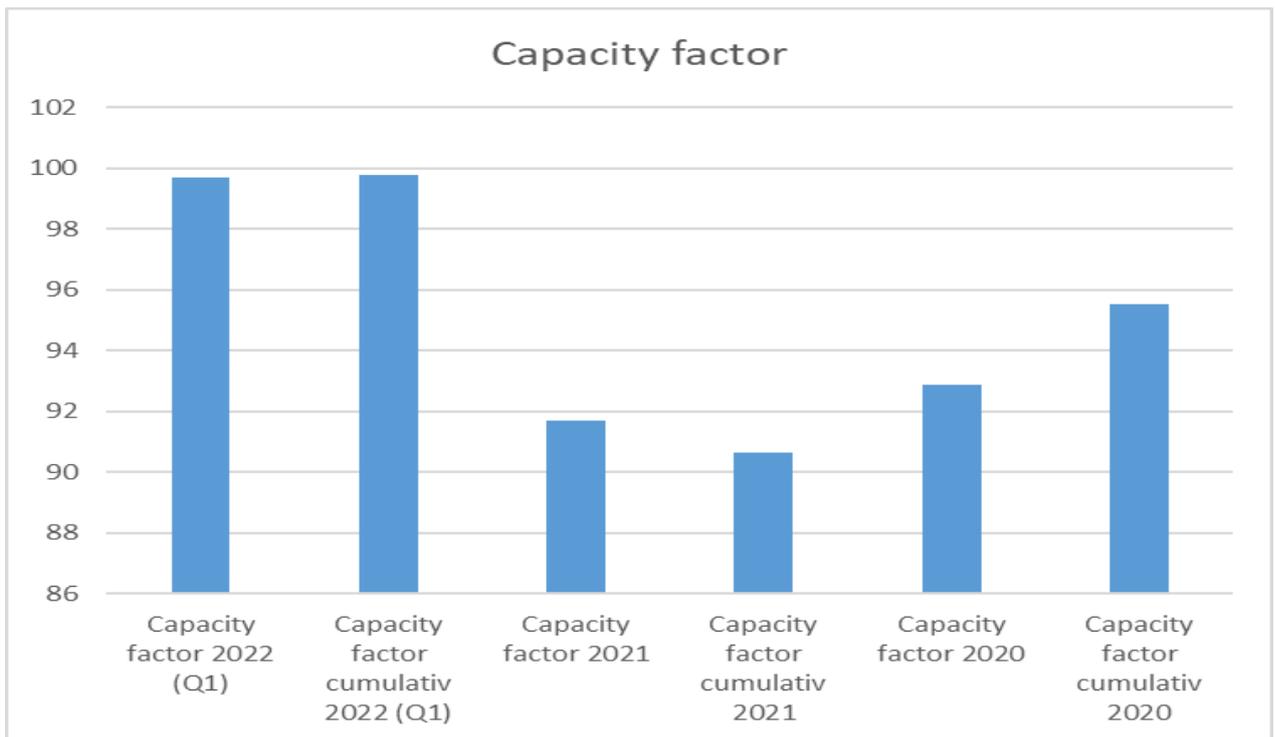
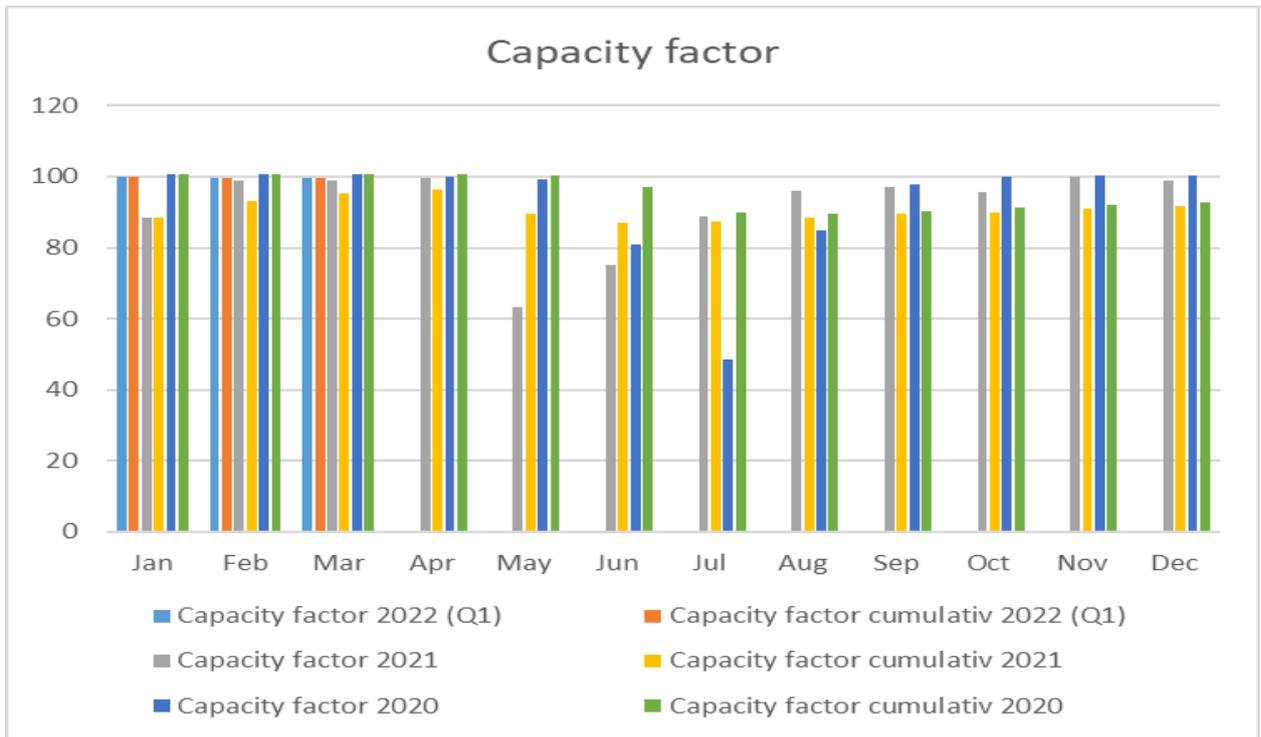


Thermal energy delivered at district heating / sold (Gcal)

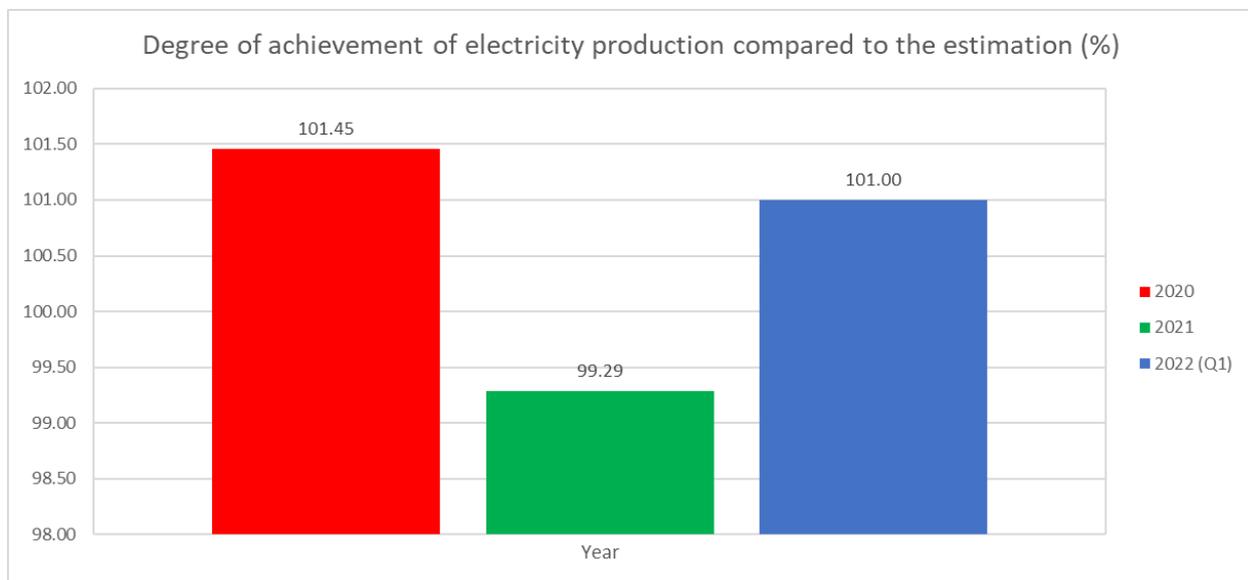


Thermal energy delivered at district heating / sold





Summarizing table by year - percentage of electricity estimated to be produced / realized 2020 - 2022 (Q1)			
2020			
<i>Ensuring a physical production of at least</i>		9,600,000.00	MWh
<i>Estimated amount of energy to be produced (according to BOD approval)</i>		10,422,849.40	MWh
<i>The amount of energy produced and delivered by CNE at 400 + 110 + 6 + 0.4 kV</i>		10,557,776.12	MWh
<i>The difference between estimated (approved by BOD) and realized</i>		-134,926.72	MWh
<i>Degree of achievement compared to estimation (%)</i>	<i>Unit 1</i>	100.49	%
	<i>Unit 2</i>	102.03	%
	<i>Unit 1 + Unit 2</i>	101.45	%
2021			
<i>Ensuring a physical production of at least</i>		9,600,000.00	MWh
<i>Estimated amount of energy to be produced (according to BOD approval)</i>		10,456,074.00	MWh
<i>The amount of energy produced and delivered by CNE at 400 + 110 + 6 + 0.4 kV</i>		10,377,214.33	MWh
<i>The difference between estimated (approved by BOD) and realized</i>		78,859.67	MWh
<i>Degree of achievement compared to estimation (%)</i>	<i>Unit 1</i>	99.99	%
	<i>Unit 2</i>	98.35	%
	<i>Unit 1 + Unit 2</i>	99.29	%
2022 (Q1)			
<i>Ensuring a physical production of at least</i>		920,000.00	MWh
<i>Estimated amount of energy to be produced (according to BOD approval)</i>		2,748,265.00	MWh
<i>The amount of energy produced and delivered by CNE at 400 + 110 + 6 + 0.4 kV</i>		2,789,331.18	MWh
<i>The difference between estimated (approved by BOD) and realized</i>		41,066.18	MWh
<i>Degree of achievement compared to estimation (%)</i>	<i>Unit 1</i>	101.00	%
	<i>Unit 2</i>	101.00	%
	<i>Unit 1 + Unit 2</i>	101.00	%



Pitesti NFP

The production of CANDU nuclear fuel started in 1980, by starting up the pilot station as a fuel section within the Nuclear Research Institute (ICN) of Pitesti. The Nuclear Fuel Plant was separated as a distinct entity in 1992. In 1994, the Nuclear Fuel Plant (NFP) was authorized by AECL and Zircatec Precision Industries Inc. (Canada) as a manufacturer of CANDU 6 nuclear fuel.

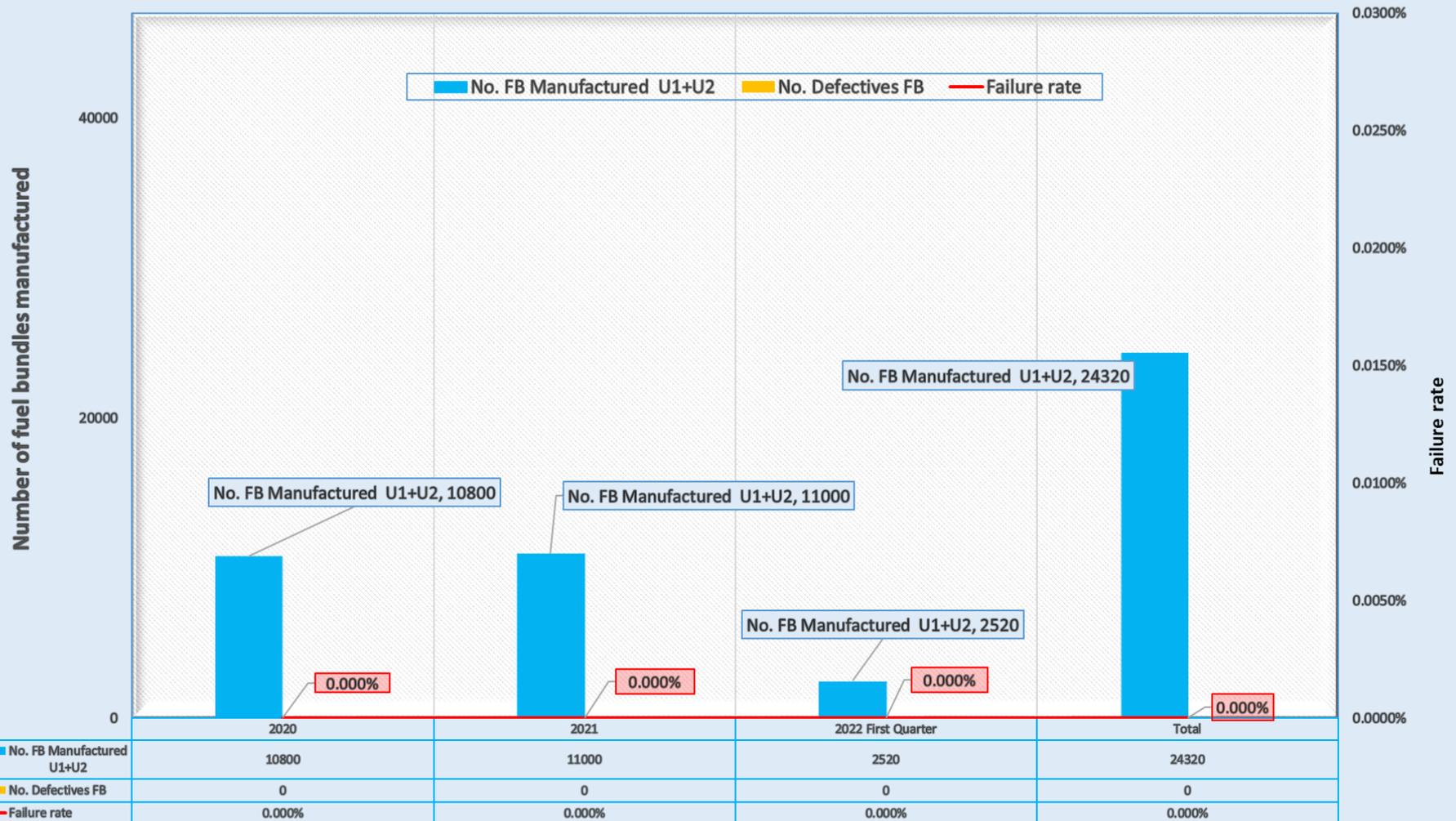
Annually, Pitesti NFP manufactures approximately 10,800 nuclear fuel bundles. Pitesti NFP can

provide consultancy, technical support and various equipment to the companies interested in transferring nuclear fuel manufacturing technology.

During 2020-2022, in terms of the safety in the procurement of nuclear fuel, SNN has launched the implementation of the strategy for diversifying sources of raw material supply needed to produce nuclear fuel, in order to increase the degree of security of the supply of the raw material used for the manufacture of nuclear fuel bundles used in the reactors of the Cernavoda NPP, maintaining an integrated nuclear fuel cycle on the Romanian territory, and complying with the recommendations of good practices of the EURATOM Fuel Supply Agency (ESA), respectively.

In addition to implementing the strategy for diversifying sources of raw material supply needed to produce nuclear fuel, during this period, SNN has also implemented a policy for reducing the risks related to the supply and manufacture of nuclear fuel bundles by setting up a stock of raw materials and nuclear fuel bundles, sufficient to ensure the operation of the two Units from the Cernavoda NPP for a period of approximately 15 months. Thus, compared to the current production, in order to ensure the technological needs at Cernavoda NPP, Pitesti NFP produced a number of bundles to set up and maintain the afore-mentioned stock.

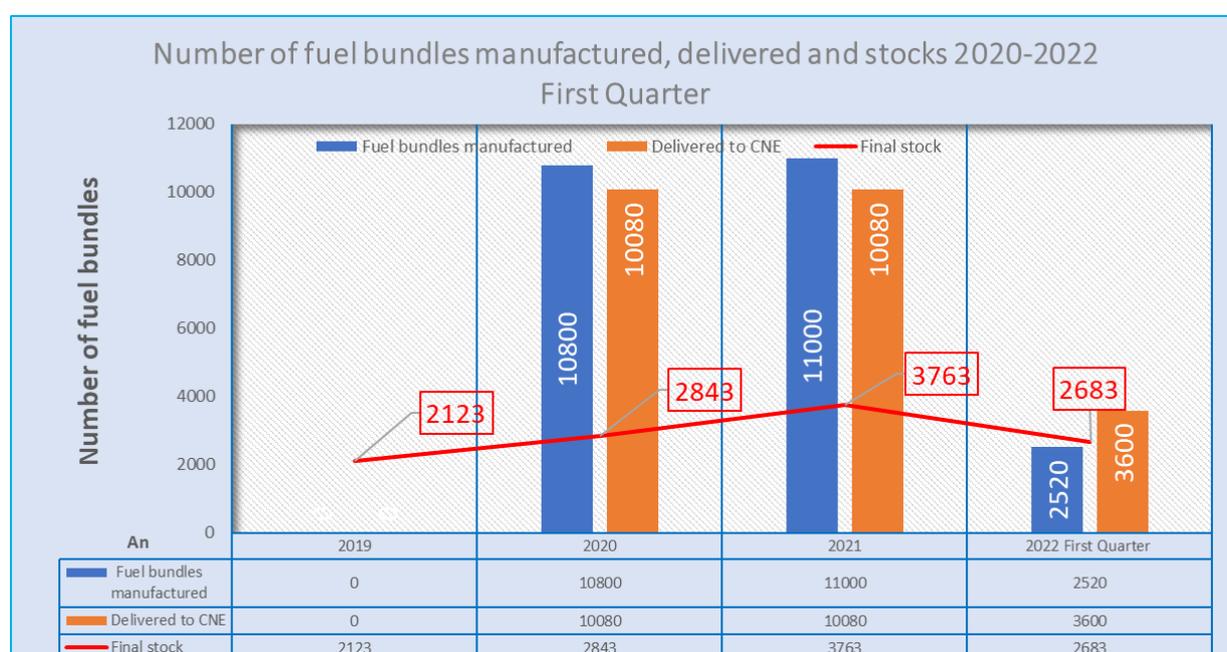
Number of fuel bundles manufactured (2020-2022 First Quarter) / No. Defectives FB(U1+U2) / Failure rate - (2020-2022 First Quarter)



Situation of the stock of nuclear fuel bundles:

Stock in 2019	2123	FB
Manufactured in the period 2020 -2022 1st Q:	24320	FB
Delivered to Cernavoda NPP in the period 2020-2022 1st Q:	23760	FB
Stock set up in the period 2020-2022 1st Q:	2683	FB
Total stock in place at the end of 2021:	3763	FB
Final Stock at the end of QI – 2022	2683	FB

Year	2019	2020	2021	2022 Q1
FB Production	*	10800	11000	2520
Transfer to NPP	*	10080	10080	3600
Final Stock	2123	2843	3763	2683



VIII. INVESTMENT PROJECTS

The portfolio of investment projects of the National Company Nuclearelectrica S.A. is structured on the component that falls under the duties and powers of the Board of Directors and the executive management - Major Investment Objectives, and on the component that derives from the development requirements of the Romanian electricity sector, respectively - Project for the Refurbishment of Unit 1 of Cernavoda NPP and the Project for Units 3 and 4 of Cernavoda NPP.

The structure of the investment portfolio takes into account the specificity and uniqueness of the main scope of business of the company - the production of electricity and heat through nuclear processes - in the national economic framework, considering, with priority the principles of nuclear safety, which prevail.

Furthermore, the geopolitical and market realities in which the company operates were taken into consideration, including the vulnerabilities related to the availability of labor.

Regarding the development requirements of the Romanian electricity sector, the following are two

relevant documents:

- The Draft of the Romanian Energy Strategy for the period 2019-2030 and Outlook to 2050 proposes concrete targets, sets clear directions and defines the milestones through which Romania will maintain its position as energy producer in the region, and as an active and important player in managing stress situations at regional level. The development of the energy sector is directly proportional to the implementation of strategic investment projects of national interest, the completion of the Project for Units 3 and 4 Cernavoda NPP being a priority. The refurbishment of Unit 1 of Cernavoda NPP is a component of the energy strategy project. Furthermore, the draft of the energy strategy substantiates Romania's position in relation to the reform proposals for the European energy market, and an important place is intended for the analysis of the European context and policies for the creation of the Energy Union that we will be part of, with its regular update to take into account the changes taking place at local, regional, European and global level, and the actual implementation of the Energy Strategy being correlated with the national and international context, both evolving in a dynamic interdependence.
- The Integrated National Plan in the field of Energy and Climate Change 2021-2030 (PNIESC) approved by Romania's Government Decision No. 1076/2021, whereby the refurbishment of the existing nuclear units, and the construction of new nuclear units, are major projects of the Romanian State, which will contribute to the replacement of the polluting energy capacities and to the compliance, by Romania, with the decarbonization targets undertaken. The development of new production capacities is directly related to the energy security of Romania, and the investment projects of SNN approved by the shareholders, including the Ministry of Energy, are absolutely essential. Furthermore, the INECCP sets out the development of a support mechanism such as Contracts for Difference (CfD) to stimulate investment, in order to facilitate the development of new low-carbon power generation capacities (e.g.: nuclear, RES etc.), thus providing the diversification of energy sources and the flexibility of the national system. The implementation of a CfD mechanism for low-carbon technologies requires the existence of a complementary legislative and regulatory framework detailing the elements of implementation.

Relevant Elements of the Management Plan. Annual Investment Programs

The objectives proposed by the approved Management Plan are correlated with the expectations of the Company's shareholders and aim for the following elements, having direct relevance for the investment strategy of SNN:

- ✓ Establishing the actions required in order to implement the long-term strategy for the development of the Interim Spent Fuel Storage Facility (DICA) and authorization for the extension of the lifetime of Units 1 and 2 harmonized with CNCAN's observations, and those of the Ministry of Environment and Climate Change, respectively, revised, approved by the shareholders of SNN through OGMS Resolution no. 8/28.09.2017;
- ✓ Performing the activities necessary for the preparation of Unit 1 at Cernavoda NPP for the extension of the life cycle in view of the refurbishment, as well as, without limitation, the establishment of organizational and logistical measures, elaboration of supporting documents necessary for the preparation of the Feasibility Study, including the elaboration and submission thereof for approval by the shareholders in 2021;
- ✓ Ensuring the conditions for continuing and completing the negotiations on the Investment Documents regarding the development, construction, operation and decommissioning of Units 3 and 4 of Cernavoda NPP;

In relation to the elements presented above, the general objectives of S.N. Nuclearelectrica S.A. having a correspondent in the investment plan include:

- ✓ Fulfillment of the major investment objectives and implementation of investment plans approved by the budget;
- ✓ Implementation of the projects for modernizing, integrating and securing the informational flow and the IT infrastructure (hardware and software) within SNN;

One of the **specific performance indicators** approved by Resolution no. 3/April 10, 2019 of the Ordinary General Meeting of the Shareholders of SNN is represented by a **degree of achievement of the investment budget of at least 60 %**.

Annual Investment Programs

SNN is structuring its investment development program on objectives defined in relation to the needs of the production branches (Cernavoda NPP and Pitesti NFF), so as to achieve a high level of utilization of the production capacity (EAF Energy Availability Factor) in compliance with the nuclear safety norms and the long-term maintenance of the level of excellence in the operation of the plant. At the same time, the goal of the development program is to cover the necessity to upgrade/refurbish certain systems, for both economic reasons (specific consumption reductions, improvement of certain parameters related to served processes, with a positive impact on efficiency), and legal ones – the need to implement upgrades associated with nuclear safety, environment protection and labor security, representing imperative requirements from the regulatory authorities in the field.

The annual investment and facility programs are sized in terms of value based on a series of considerations, with investment projects answering the requirements of nuclear safety and/or requirements of authorization being a priority, of which we mention: ongoing contractual commitments, estimates regarding the contracting perspectives related to the investment objectives to be made in the following year, including amounts allocated to investment projects for which the fulfillment of certain requirements outside the control of SNN is anticipated (e.g.: prior approvals of regulatory authorities, legal deadlines regarding the completion of public tender procedures, including appeals, obtaining the necessary approvals from SNN corporate bodies etc.), in order to allow the implementation of these projects by falling within the approved budget values. Depending on the manner of implementing investments, reallocations can be made between various investment projects, by complying with the total investment expenses approved and respectively the existing financing sources. Also, during the year there can be new necessities for investment expenses, unforeseen, which can be financed within the limit of the existing financing sources.

SNN's investment projects have a multi-year term, with the new investments having a low share in the annual investment program because, if they were launched in one budget year, the following year they will be included in the annual program, annex to the REB, under the chapter ongoing investments.

The evolution, in terms of value and percentage, of the annual investment program for the period 2017-2021 is shown in the table below:

Year	Investment Program (Rectified REB) [thousand RON]	Achieved [thousand RON]	Degree of Achievement [%]
2020	309,544	223,947	72.3 %
2021	356,774	319,679	89.6 %
Quarter 1 of 2022	702,795	99,759	14.2 %

For 2022, SNN has planned investment projects amounting to RON 702,795 thousand, a program with

a substantially increased value compared to previous years.

Major decisions of SNN shareholders with impact on the investment projects of SNN

With the **SNN OGMS Resolution No. 7/June 12, 2020**, the SNN shareholders approved the **Investment Strategy of National Company Nuclearelectrica S.A. related to the period July 1, 2020 - July 1, 2025** (hereinafter referred to as the “Strategy”). The Strategy was elaborated according to the requirements of the Order of the Minister of Economy, Energy and Business Environment No. 893/April 16, 2020, being structured on the component being subsumed to the duties and powers of the Board of Directors and the executive management - major investment Goals, and respectively on the component deriving from the development requirements of the electricity sector in Romania - Refurbishment Project of Unit 1 of Cernavoda NPP and the Project for Units 3 and 4 of Cernavoda NPP.

Main markers of the Investment Strategy 2020 - 2025

(A) Major investment objectives:

- (1) Investments and capital repairs made on Unit 1 and Unit 2 during the scheduled stoppages
- (2) Production of Cobalt-60 at Cernavoda NPP
- (3) Extension of the life cycle of Unit 1 by re-tubing the reactor and refurbishing the main systems (studies).
- (4) Interim Spent Fuel Storage Facility (DICA)

Considering the recent changes in the environmental law and the request of the Ministry of the Environment, Resolution no. 10/25.10.2019 of the Ordinary General Meeting of Shareholders of SNN approved the revised “Long-term strategy for the development of the Intermediary Dry Spent Fuel Storage Facility and authorized in perspective the extension of the lifetime of Units 1 and 2 harmonized with the observations of CNCAN and those of the Ministry of Environment”. The strategy approved leads to a change in the necessary number of modules, as compared to the variant approved in 2016, by building 6 more modules of the Macstor 200 type (modules 12 to 17), following that, from module 18 on, 20 more modules of the Macstor 400 type should be built, so as to provide the storage capacity for the spent fuel originating from Units 1 and 2 of the Cernavoda NPP, for two lifetime cycles.

Module 11 was completed and accepted in June 2020.

In 2020, the purchase contract “Works for implementing modules 12-17, type Macstor 200 related to the Interim Spent Fuel Storage Facility (“DICA”)” was signed.

Module 12 was completed and accepted in July 2021. The construction works on Module 13 are in progress, and are more advanced than the implementation schedule. Furthermore, the foundation of Module 14 was completed, and the works at the foundations of modules 15 - 17 of the DICA were commenced.

In January 2022, SNN submitted to the Ministry of Environment the request for the issuance of the environmental agreement for the project *"Refurbishment of Unit 1 of Cernavoda NPP and extension of the Interim Spent Fuel Storage Facility with MACSTOR 400 type modules"*. In February 2022, the Ministry of Environment, Waters and Forests (MMAP) communicated the decision of the stage of classification within the environmental impact assessment procedure of the project *"Refurbishment of Unit 1 of Cernavoda NPP and extension of the Interim Spent Fuel Storage Facility with MACSTOR 400 type modules"*.

- (5) Modernization and expansion of physical security system
- (6) Fit-out of Unit 5
- (7) D2O Tritium Removal Installation
- (8) Projects for modernizing, integrating and securing the informational flow and the IT infrastructure (hardware and software) within SNN - Digital Upgrade

Among the major investment goals, 6 goals will be financed from SNN own sources, and will be included in the annual investment and endowment programs of SNN enclosed to REB, except for the project (2) Cobalt 60 Production at Cernavoda NPP - where the value of the project and the financing structure are going to be finalized - and the project (7) D2O Tritium Removal Facility - the financing whereof will be provided from SNN own sources and attracted sources (loans).

(B) Major strategic objectives: (1) Project for retrofitting Unit 1 and (2) Project for Units 3 and 4. The development and implementation of these projects depend on the adoption of decisions at the level of the Romanian authorities, including a set of support measures: state guarantees for loans, contracts for the difference, etc., identifying and structuring financing depending on a set of prior decisions of the Romanian authorities.

With Law No. 200 dated July 16, 2021, the Agreement between the Government of Romania and the Government of the United States of America on the cooperation related to the nuclear energy projects at Cernavoda and in the civil nuclear energy sector in Romania (“IGA”), signed in Bucharest on December 9, 2020, and in Upper Marlboro on December 4, 2020, was ratified. The Intergovernmental Agreement sets out as main areas of cooperation:

- Implementing the Project for the completion of Units 3 and 4 ("Project U3-U4") and of the Project for the Refurbishment of Unit 1 on the site of Cernavoda NPP;
- Exploring the development and implementation of small modular reactors (SMRs);

With regard to the major strategic goals, important steps have been taken, synthetically presented below:

I. PROJECT FOR THE REFURBISHMENT OF UNIT 1 OF CERNAVODA NPP

BACKGROUND	The refurbishment of Unit 1 means another 30 years of operation after 2029, at less than half the costs of a new nuclear reactor. Concretely, it means another 30 years without CO2 emissions. In terms of costs, and implicitly of the subsequent impact on the market, a NEA-OECD study confirms that extending the lifecycle of nuclear units incurs the lowest cost of all sources, including renewable sources, of CO2 (USD 35), compared to wind energy (USD 50) and solar energy (USD 94).
DESCRIPTION	CANDU reactors have an initial lifecycle of 30 years. Following a refurbishment process, this lifecycle may be extended by another 30 years,

	which SNN is currently doing with Unit 1, which was commercially started up in 1996. Unit 2 was started up in 2007, so we can talk about the refurbishment of Unit 2 in 2037.
CAPACITY	700 MW
STAGES OF IMPLEMENTATION	<p>Phase 1 for the Refurbishment of Unit 1 started in 2017, and was dedicated to identifying and defining the activities necessary for the refurbishment of U1, so that it would operate for another lifecycle of 30 years. The final product of this phase was drafting the Feasibility Study, approved in GMS on 23.02.2022, at an estimated cost of the investment of EUR 1.85 million.</p> <p>Phase 2 of the project starts following the approval of the feasibility study and involves ensuring the financial resources for the implementation of the Project for the Refurbishment of U1, preparing the performance of the activities that have been identified and defined for the refurbishment of U1 in Phase I and obtaining all the necessary approvals and authorizations for the implementation of this project.</p> <p>Phase 3 of the project starts upon the shutdown of Unit 1, and consists of the actual performance of the works in the Project for the Refurbishment of U1, in the installations of the unit, as well as its restart, in order to be commercially operated for a new lifecycle of 30 years, after 2029.</p>
COMMISSIONING	2029
ESTIMATED COST	EUR 1.85 billion, without taking into account the financing costs and the update with the inflation rate on the date when the refurbishment contract of Unit 1 of Cernavoda NPP is going to be signed.
FINANCING STRUCTURE	TBD in stage 2
SOCIAL AND ECONOMIC EFFECTS	30 years of operation starting with 2029 Hundreds of new jobs Contributions to the economy
TONS OF CO2 AVOIDED	5 million tons of CO2 every year

II. PROJECT FOR UNITS 3 AND 4 OF CERNAVODA NPP

<p>BACKGROUND</p>	<p>The project of CANDU Units 3 and 4 is set out in the Energy Strategy of Romania 2019-2030, with perspective of 2050, as well as in the Integrated National Energy and Climate Change Plan, as a pillar of Romania's energy independence, and of fulfilling all the decarbonization targets undertaken by Romania as a EU Member State.</p> <p>The intention of the Romanian State and of SNN, according to the new strategy, is to implement this ~2x700 MWe project in a European-Atlantic consortium, in virtue of the Agreement between the Government of Romania and the Government of the United States of America on the cooperation in relation to the nuclear-energy projects at Cernavoda, and in the civil nuclear energy sector of Romania, signed in October 2020 in Washington DC by the governments of USA and Romania, subsequently approved by EC and ratified by the Parliament of Romania in July 2021. Also, there is interest from USA, by US Exim, to finance Romanian nuclear projects with 7 billion dollars.</p> <p>Romania needs new electricity production capabilities as a solution for the transition to an economy with low carbon emissions, while providing simultaneously stability, safety, availability in the NES, as well as social and economic benefits. The Project for Units 3 and 4 of Cernavoda NPP has all the premises to provide all these benefits.</p> <p>With the implementation of the project, the contribution of nuclear power in the total energy production, at national level, will be of 36 %, and the contribution of nuclear power in the total energy production without CO2 emissions of 66 %, at the same time with the development of the internal supply chain, and other collateral industries.</p> <p>The Romanian nuclear industry has the experience and capability to participate, with important works and services in the new project at Cernavoda, experience acquired already from the commissioning and providing the maintenance for the two nuclear units.</p>
<p>DESCRIPTION</p>	<p>Construction of 2 more CANDU 6 units on the site of the Cernavoda NPP</p>

CAPACITY	700 MW/Unit; 1400 MW/2 units
STAGES OF IMPLEMENTATION	<p>Stage 1, the current one, represents the preparatory stage, which initiated by capitalizing and operationalizing the project company, Energonuclear S.A. This stage will last for 24 months, during which services of technical, legal and financial support will be contracted, as well as engineering services for updating the technical procurement Specification, launching and assigning the EPC contract (Engineering, Procurement and Construction), and the performance of the necessary studies and assessments, required to substantiate a preliminary decision on making the investment.</p> <p>On November 25, 2021, Energonuclear S.A., the project company, signed the first contract with Candu Energy, a member of the SNC-Lavalin Group and the Authority for Designing Units 3 and 4 and OEM Candu (the Original Manufacturer of the Candu Technology). Within the contract, CANDU Energy will provide engineering services for drafting and updating the necessary documentation for initiating the Project of Units CANDU 3 and 4 (among which, updating the main licensing documents, updating the nuclear security guides, updating the list of project modifications with nuclear security functions, etc.).</p> <p>Stage 2 of the project (Preliminary Works) consists of performing preliminary works from Phase 1 of the EPC (Engineering, Procurement and Construction) contract, and will last for 18-24 months. This stage will involve the performance of engineering works and analyses of the markets regarding the suppliers of equipment and the providers of services that are necessary for implementing the project, so that at the end of this stage, the Project feasibility is refined. Also in this stage, the documentations for obtaining permits and approvals will be submitted, including from the European Commission, in virtue of Article 41 of the Euroatom Treaty. At the end of this stage, the feasibility of the Project will be re-analyzed based on the new technical-economic indicators, and the Final Investment Decision will be made, which will allow the Project to move to Stage 3.</p> <p>Stage 3 of the project actually consists of performing the building, assembly and startup</p>

	works at the site, stage estimated to last 69-78 months. It is estimated that Unit 3 will be commissioned in 2030, with the commissioning of Unit 4 to follow in 2031.
COMMISSIONING	Unit 3-2030 Unit 4-2031
ESTIMATED COST	7 billion EURO
FINANCING STRUCTURE	TBD in stage 2
SOCIAL AND ECONOMIC EFFECTS	66% contribution of clean energy over 19,000 jobs
TONS OF CO2 AVOIDED	5 million tons/unit/year 20 million tons/4 units/year

III. PROJECT FOR THE SMALL MODULAR REACTORS

BACKGROUND	<p>Romania has the potential of using the first small modular reactors for the first time in Europe, and becoming a catalyst for the development of SMR in the region, but also a base for ensuring the operation of this new type of technology in other states. For this purpose, we will develop the first simulator for the control room of a modular reactor, which we will use for training the new generation of engineers.</p> <p>Decommissioning old coal-based power stations in the entire EU, together with the improbability of building new coal-based power stations, is already leading to changes in the production of base-load energy and in the transportation infrastructure. In terms of the energy produced, a NuScale power plant is similar to an existing coal-fired power plant and can be built on the same site, and can reuse the existing transportation infrastructure, which makes it an ideal solution for replacing a coal-fired power plant.</p> <p>This agreement follows a MoU concluded in 2019 with NuScale and a grant of 1.2 million dollars granted by USTDA to SNN for assessing potential sites.</p> <p>Romania has over 25 years of experience in safely operating one of the highest-performing power plants in the world, and a team of professional engineers, a globally-renowned local school of engineers, and a vast supply chain.</p>
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	<p>Approximately 70 concepts of SMR reactors are in progress, in various stages, with technological differences, a different implementation level, as well as various licensing levels, which proves the interest and innovation in this field, and the efforts of regulatory agencies to license the SMR reactor. Countries such as France, UK, Poland, Bulgaria, USA and Canada are making intense efforts to implement SMRs. However, NuScale is the first SMR reactor which has received the design approval from the U.S. Nuclear Regulatory Commission (NRC), and will follow all the necessary steps for obtaining the license in EU and in the countries that are interested in implementing it.</p>
DESCRIPTION	<p>Small modular reactors (SMRs) are advanced nuclear reactors that have an installed capacity of up to 300 Mwe/reactor, which means approximately a third of the capacity of a gigawatt reactor. A small modular reactor from NuScale has an installed capacity of 77 Mwe and can be used in plants of 4, 6 or 12 modules, as needed.</p> <p>In virtue of the Agreement between SNN and NuScale, NuScale will support Nuclearelectrica in assessing this technology and, together, the two companies will take measures for developing the small nuclear reactors in Romania.</p>
CAPACITY	<p>6 modules with an installed capacity of 462 Mwe</p>
STAGES OF IMPLEMENTATION	<p>NuScale and Nuclearelectrica announced the site of the first small modular reactor (SMR) in Romania - the site of the former thermal power plant in Doicești, Dâmbovița County.</p> <p>Nuclearelectrica, NuScale and E-Infra signed a Memorandum of Understanding for the development of the first small modular reactor (SMR) in Romania on the site of the former thermal power plant in Doicești, Dâmbovița County, on May 24, 2022.</p> <p>Following the Memorandum of Understanding (“MOU”), the companies will conduct engineering studies, technical analyzes and licensing and authorization activities on the site in Doicești, Dâmbovița County, the location selected for the implementation of the first NuScale VOYGR™ plant.</p> <p>The site was identified following an in-depth</p>

	<p>\$1.2 million study conducted with the funds that Nuclearelectrica received in early 2021 as part of a grant from the USTDA to identify and assess various sites for small modular reactor implementations in Romania.</p> <p>Following the study, several potential suitable sites have been identified. The site of the former Doicești thermal power plant has obtained all the safety qualifications, being according to the design criteria and safety principles of NuScale small modular reactors, and fully complying with the site criteria required by international and national standards. Furthermore, the site is available in due time to meet Romania’s targets for the deployment of small modular reactors this decade, and to allow Romania to become a hub for the deployment of small modular reactors in the region.</p> <p>NuScale’s SMR technology, the most mature in terms of regulatory approval, being the first and only SMR technology in the world to receive approval from the U.S. Nuclear Regulatory Commission in August 2020, also has the most advanced deployment plans, with contracts for the development of its components already signed.</p> <p>The selection of the site is an important first step for Romania in the endeavor of deploying small modular reactors, three years after the first Memorandum of Understanding with NuScale, during which Nuclearelectrica has analyzed its technology, safety, maturity and availability to implement and meet Romania’s goals in terms of energy security and decarbonization.</p>
COMMISSIONING	This decade
ESTIMATED COST	TBD following the preliminary stage of project configuration
FINANCING STRUCTURE	TBD following the preliminary stage of project configuration
SOCIAL AND ECONOMIC EFFECTS	A NuScale power plant with 6 modules will generate 193 permanent jobs, 1500 jobs during the construction period, 2300 jobs in manufacturing.
TONS OF CO2 AVOIDED	4 million tons of CO2 every year

IV. PROJECT FOR THE TRITIUM REMOVAL FACILITY

BACKGROUND	The project is part of SNN's portfolio of initiatives, aimed at the consistent implementation of the Company's general
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	<p>policy, namely the concern for maintaining nuclear safety at the highest standards, and reducing both radiological risks for own staff and the public, as well as the environmental impact. The project represents a materialization at the highest level of the continuous concerns to improve the performance of the Cernavoda NPP with a positive impact on the staff, and leading to a decrease in tritium discharges in the air and in the water, with a positive impact on the protection of the population and the environment.</p>
<p>DESCRIPTION</p>	<p>The implementation of the project will allow, by extracting the tritium from the heavy water, and storing it under a safe form in a dedicated facility, the elimination of heavy tritiated water from the category of radioactive waste, thus significantly reducing the quantity of radioactive waste left to be managed at the end of the operational life of the two reactors.</p> <p>The project is based on an implementation strategy, updated by SNN in 2018, based on the Feasibility Study, approved by Decision No. 9/August 22, 2018 of the Extraordinary General Meeting of Shareholders.</p> <p>The project involves the completion of the design of the facility (detail design), the construction of the tritium removal facility, tests and verifications for commissioning, a trial operation period of 6 months, followed by the entry of the plant into commercial operation, planed for 2026.</p> <p>To finance the project, SNN has engaged in discussions with the European Bank for Reconstruction and Development (EBRD). These debates are at an advanced stage, which is why, in addition to the evaluations and supporting documentation specific to the Romanian legislation, already initiated (in relation to the Ministry of Environment, Romanian Waters, CNCAN, etc.), it is also necessary to go through a specific EBRD approval procedure.</p>
<p>STAGES OF IMPLEMENTATION</p>	<ul style="list-style-type: none"> • Award of execution contract (EPC) - 2022 • Starting the contracting of equipment with long manufacturing cycle, based on the detail design - 2022 • Obtaining permits and starting the construction-assembly works – 2023 • Commissioning the facility – 2024 • Trial operation - 2025 • Transfer to operation - 2026.

ESTIMATED COST	EUR 194 million, of which EUR 150 million through EBRD loan
FINANCING STRUCTURE	EUR 150 million through EBRD loan
ENVIRONMENTAL EFFECTS	<p>The realization of CTRF will have a positive impact because by extracting the tritium from the moderator, and the cooling agent of the reactor, it will contribute to the reduction of the tritium discharges in the environment, and will allow for the heavy water to be reused for an indefinite period, without becoming a radioactive waste. The tritium recovered from the cooling agent and the moderator will be processed and stored under stable conditions for further use. In addition, CTRF will lead to:</p> <ul style="list-style-type: none"> • reducing the risks of generating radioactive effluents and tritium emissions in the environment • decreasing the concentrations of tritium in the radioactive waste generated inside the nuclear systems that use heavy water at Cernavoda NPP.

V. PROJECT OF THE INTEGRATED FUEL CYCLE

BACKGROUND	<p>The shareholders of SNN approved by GMS Resolution No. 5/April 25, 2018, the <i>"Strategy for diversifying sources of raw material supply needed to produce nuclear fuel"</i>, and implicitly, the gradual transition from the purchase of uranium dioxide (UO₂) to the purchase of uranium technical concentrate (U₃O₈), the measures also including the identification of a solution to ensure the processing/refining capacity of the uranium technical concentrate (U₃O₈), i.e., the raw material from which the sintering uranium dioxide powder (UO₂), necessary for the manufacture of nuclear fuel bundles, is obtained. Through specific studies and optimal conditions for the purchase of uranium technical concentrate, SNN considered processing it at the Feldioara Factory with the uranium technical concentrate processing line being taken over by SNN from CNU.</p>
DESCRIPTION	<p>In financial year 2021, the National Company Nuclearelectrica S.A. ("SNN") signed with CNU the contract for the sale and purchase of assets within the uranium concentrate processing line at the Feldioara Branch of the CNU on March 18, 2021, following the approval of the transaction and mandating the</p>

	<p>executive management of SNN to sign this transaction by the Resolutions of the Board of Directors of SNN and the approval in the General Meeting of Shareholders of CNU.</p>
STAGES OF IMPLEMENTATION	<p>The scope of the transaction consists only of assets (land, buildings, special constructions, installations, machinery and equipment).</p> <p>The acquisition of some assets of the Feldioara Branch is structured in two different stages: Contract execution date, stage which took place on March 18, 2021, and Completion Date, when the transfer of ownership will occur, and the payment will be made in compliance with the contractual provisions. Between the two stages, a series of prerequisites are foreseen, which depend to a large extent on the support of CNU. Thus, on the date of execution, the general terms and conditions of the transaction were agreed, and the prerequisites were established. On the completion date, the immovable asset sale-purchase contract and the movable asset sale-purchase contract will be signed in authentic form, based on the terms and conditions established on the date of execution.</p> <p>The prerequisites mainly consider the transmission and issuance by the competent authorities of the necessary transfer authorizations, permits and approvals, as well as the clarification by CNU of certain aspects related to the performance of the asset transfer.</p>
EFFECTS	<p>The strategic decision to acquire part of Feldioara's assets necessary for the processing of the raw material was aimed at ensuring integrated production capabilities within SNN and, to an equal extent, ensuring the production of fuel bundles and the optimal operation of Pitesti NFP and Cernavoda NPP, in the context of expanding the capacity of the nuclear power plant, and maintaining the nuclear fuel cycle at national level, at an advantageous transaction cost, as well as reducing the reliance on a single supplier.</p>

VII. ENERGY MARKET

The goals proposed regarding the electricity trading have been achieved and exceeded, by applying the Decisions of the Board of Directors presented in the table below:

Decision 55/April 10, 2019	1) Approval of the electricity sales policy on the regulated market for 2020; 2) Approval of the electricity sales policy on the regulated market for 2021.
Decision 137/August 27, 2019	Information to the BoD regarding the analysis/contracting of electricity of SNN in the first half of 2019 and submission for approval in the BoD of SNN of the contracting policy for 2020
Decision 13/January 30, 2020	Approval of the trading plan/strategy of SNN for the period 2020-2022
Decision 40/February 24, 2020	Approval of the trading plan of SNN for the period 2020-2022
Decision 24/January 30, 2020	Information to the BoD regarding the effects of applying the Order on the Methodology for setting prices for the electricity sold by producers based on regulated contracts and the quantities of electricity concluded by producers with suppliers of last resort
Decision 220/November 9, 2020	Approval of the trading plan of SNN for the period 2021-2022-2023
Decision 143/August 23, 2021	Approval of the trading plan of SNN for the period 2022-2023-2024
Decision 29/February 22, 2022	A. Approval of the trading strategy of SNN by introducing directly negotiated bilateral contracts in the trading B. Approval of the trading strategy of SNN for the period 2023-2025

The 3 goals set out in the Management Plan were achieved and reported during the reference period (2020 -2022), applying the afore-mentioned BoD Decisions.

The results obtained correspond to the goals set in the Management Plan, and are specific to the electricity trading activity on the Romanian energy market.

No contracts were terminated, and no significant delays were reported, in relation to the due dates for payment set forth in the contracts, in the reference years 2020-2022.

In all cases where there have been delays, the Company sent notifications and charged penalties according to the contractual provisions.

Current Reports have been prepared for the Transactions subject to the provisions of Art. 92^{^3} of Law No. 24/2017, as further amended and supplemented, of Law No. 158/2020, i.e., Art. 108 of Law No. 24/2017, republished on August 10, 2021 and Regulation No. 5/2018.

We present below the results obtained in terms of the goals set for the period analyzed:

1. Long-term contracting in advance, in order to ensure the financial stability of the company and decrease the risk of electricity price volatility

The target proposed in 2021 was exceeded, the degree of achievement of the budgeted revenues from the sale of electricity was obtained by determining the ratio between the revenues obtained from the sale of electricity and the revenues budgeted from electricity sales, with the result being 118.65 %; the degree of achievement of collections within the deadline for the invoices of electricity sales was fulfilled 100 %.

Indicator	2020 ¹	2021
Degree of achievement of revenues from the sale of electricity	95.59 %	118.65 %

¹ Unfulfilled target against the background of the generalized effects of the pandemic on consumption (-3.7 %), international quotations, prices on the competitive market, and uncertainties related to planning and allocating quantities on the regulated market.

2. Using all energy markets and as many products as possible in trading for a better streamlining of financial results

Bidding in view of increasing profitability by diversifying the products for sale (peak and low load, short-term products), adapted to the specific market conditions was made by:

- reducing net balancing costs by RON 18,408,815 in the period January 2020 - March 2022;
- additional earnings obtained from other trading shares, in addition to the estimated production of NPP from the production program approved, i.e., by over-contracting during the period of the planned outage;
- adapting the offer of non-standard products.

Over the reference period (2020-2022), SNN implemented electricity sale contracts, as follows:

➤ **Year 2020**

- 17 regulated contracts, of which 7 with delivery in the first hour of January (2021);
- 86 contracts concluded on PCCB - LE;
- 1 contract concluded on CMBC – EA Flex;
- 47 contracts concluded on PCCB - NC;
- 54 transactions concluded on PC - OTC;
- 2 supply contracts for 2 end users.

➤ **Year 2021**

- 7 regulated contracts, with delivery in the first hour of January (2021);
- 50 contracts concluded on CMBC - EA;
- 41 contracts concluded on CMBC – EA Flex;

- 33 contracts concluded on CMBC - CN;
- 171 transactions concluded on CM - OTC;
- 2 supply contracts for 2 end users.
- **Year 2022** (concluded by March 10, 2022)
 - 6 contracts concluded on CMBC - EA;
 - 87 contracts concluded on CMBC – EA Flex;
 - 19 contracts concluded on CMBC - CN;
 - 232 transactions concluded on CM - OTC;
 - 2 supply contracts for 2 end users.

3. Seeking, for the timeframe 2020-2022, under the current regulatory and economic conditions, to maintain a sale price above $Price_{SNN_Y}$ RON/MWh for each reference year in the timeframe 2020-2022: $Price_{SNN_Y} = ROPEX_FM_Y * 0.9$

Transactions have been performed in compliance with the requirements of the strategies approved by the BoD Decisions approved during the reference period.

Indicator	2020 ¹	2021
Target	<90 %	
Maintaining the sale price obtained by SNN (excluding the regulated market) for every year Y at minimum 90 % of the value of the indicator $ROPEX_FM_Y$	87.14 %	115.75 %

¹ The decrease in prices on the wholesale market, as a main effect of the decrease in consumption as a result of the pandemic, also reflected in the decrease in the value of the ROPEX indicator from 270.47 at the end of 2019 to 254.35 (as of December 31, 2020), by -5.96 %, led to missing the target proposed, all the more so as a significant part of the energy remained uncontracted at the beginning of 2020.

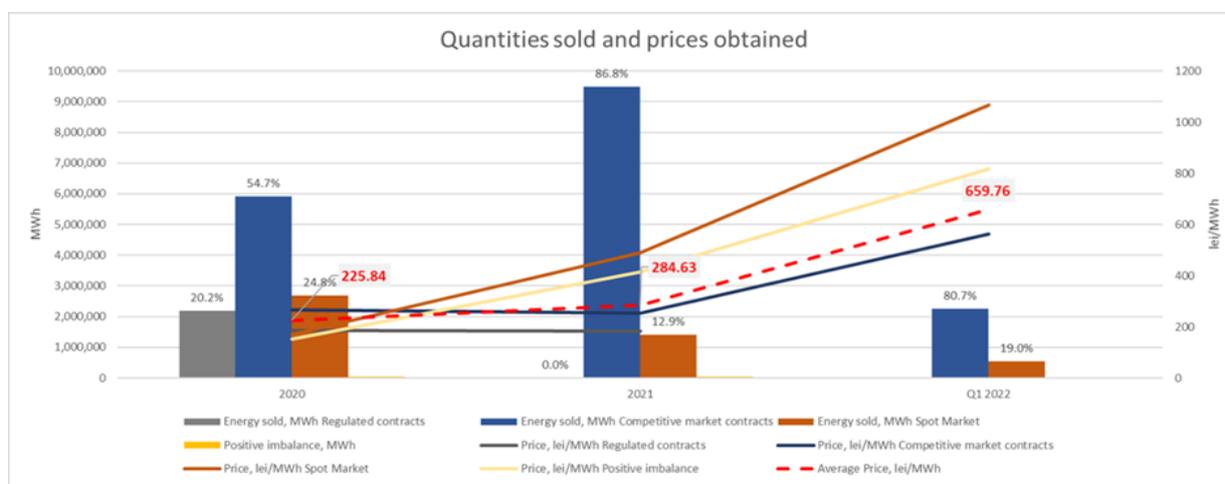
The quantities of electricity sold over the period January 2020 - March 2022, and the corresponding revenues, distributed per types of sale contracts, are presented in the table below:

Electric power sales (quantities, prices and values) over the period January 2020 - March 2022

Sales by types	Quantities in MWh	% of total sales	Average price [RON/MWh with T_G included]	Revenues from sales [RON]
Sales on the regulated market	2,181,968	8.9 %	186.84	407,677,117
Sales on the competitive market (bilateral contracts and PZU and PI contracts), out of which:	22,270,262	90.8 %	312,64	6,962,490,604

– Sales under CMBC – EA, CMBC – EA Flex, CMBC-CN, CM – OTC contracts and supply agreements	17,651,197	72.0 %	297,38	5,249,058,841
- Sales on DAM and IDM	4,619,065	18.8 %	370,95	1,713,431,762
PE positive imbalances ^{*)}	74,409	0.3 %	332,85	24,767,346
Total sales in 2020 - March 2022	24,526,639	100 %	301.51	7,394,935,066

^{*)} NB: RON 334,806 of the value presented represents revenues redistributed in 2020-2021 resulted from the balancing of the system, based on the application of NARE Order no. 76/2017, NARE Order No. 31/2018 and NARE Order No. 61/2020.



The evolution of electricity sales from 2019 to 2020 was determined by:

- The increase in the total quantity of electricity sold by 1.4 %, at a weighted average price (without Tg) 1.4 % higher;
- **The changes in the sales structure** (quantities sold), in conjunction with the **evolution of the prices**, are as follows:
 - 20.2 % sales (2,181,607 MWh) on the **Regulated Market** in 2020, compared to 12.9 % (1,376,963 MWh) in 2019, with just a 1% decrease in price;
 - sales on the **Competitive Market** of 54.7 % in 2020, compared to 76.9 % in 2019 (decrease of 28 %), with a 17 % increase in price;
 - sales on **DAM and IDM** of 24.8 % in 2020, compared to 9.9 % in 2019 (increase of 155 %), with a 25 % decrease in price;

The evolution of electricity sales from 2020 to 2021 was determined by:

- The increase in the total quantity of electricity sold by 1.1 %, at a weighted average price (without Tg) 26.2 % higher;
- **The changes in the sales structure** (quantities sold), in conjunction with the **evolution of the prices**, are as follows:

- 0.003 % sales (361 MWh - contracts concluded on the regulated market for the second half of 2020 have delivery in CET hours; the last delivery hour in 2020 being the first in January 2021 on the **Regulated Market** in 2021, compared to 20.2 % (2,181,607 MWh) in 2020, with just a 1.6 % decrease in price;
- sales on the **Competitive Market** of 86.8 % in 2021, compared to 54.7 % in 2020 (increase of 61 %), with a 4.7 % decrease in price;
- sales on **DAM** and **IDM** of 12.9 % in 2021, compared to 24.8 % in 2020 (decrease of 48 %), with a 190 % increase in price;
- elimination, starting with 2021, of the regulated contracts and prices allocated by the ANRE;
- Balancing Market (PE)**: with no significant changes in the quantity sold, and a 174 % increase in price.

The evolution of electricity sales from 2021 to 2022 was determined by:

- **The changes in the sales structure** (quantities sold), in conjunction with the **evolution of the prices**, are as follows:
 - sales on the **Competitive Market** of 80.7 % in the 1st Quarter of 2022, compared to 86.8 % in 2021, with a 122.0 % increase in price;
 - sales on **DAM and IDM** of 19.0 % in the 1st Quarter of 2022, compared to 12.9 % in 2021, with a 118 % increase in price;
- **Steep increase in prices**, as an effect of
 - * the global crisis generated by Russia's military aggression against Ukraine, which has further disrupted energy markets, increasing the pressure on prices, especially gas and petrol, and raising concerns regarding the security of energy supply in the EU, after
 - * starting with the second half of 2021, there has been a sharp jump in energy prices in the EU and worldwide, with the post-COVID-19 economic recovery and the relaxation of travel restrictions, but also as a result of
 - the unprecedented increase in the prices of natural gas on global markets - by over 170 % in 2021
 - the long and cold winter from the beginning of 2021, which increased the need for heating
 - the increase in the demand for liquefied natural gas
 - the increase in the consumption of natural gas in Asia
 - increased geopolitical tensions.

X. CAPITAL MARKET

SNN has had a steady evolution on the capital market. In 2018, the maximum price of a SNN share was RON 7, while in 2022 the share price reached RON 47/share, meaning an increase of 571 %.

This is also reflected in the market capitalization, which in 2018 was at the level of RON 2,460,353,024, reaching, in the first part of 2022, RON 14,252,673,991.50, which represents a percentage increase of 479 %, namely, from approximately EUR 500 million in 2018, to EUR 2.9 billion currently.

The factors determining the position of an issuer on the capital market are various, but some of them are strictly related to the evolution of the financial parameters of SNN, investment projects, ESG,

transparency, governance, responsibility of the managerial act and perspective. Nuclear energy will play a significant role in achieving its decarbonization targets, and SNN has long-term investment projects that can generate growth and development. Furthermore, securing the production capabilities, by purchasing part of Feldioara's assets, in order to have within SNN the integrated fuel chain, has demonstrated the long-term strategic orientation and correlation of the SNN vision with its actions. Moreover, in recent years, SNN has experienced a constant evolution in the BET index, with periods when the SNN share was the best performer within this index.

Starting with September 21, 2020, SNN was included in the indices of the global index provider FTSE Russell in the context of the transition of the Romanian capital market from the status of Border Market to the status of Emerging Secondary Market. Following the inclusion of SNN in the emerging market indices of FTSE Russell, the shares of the company are included in the following global provider indices: FTSE Global All – Cap, FTSE Global Total – Cap, FTSE Global Small Cap, FTSE Emerging Index and FTSE Emerging All Cap Index. And I am also expect an evolution within FTSE Russel. On March 21, 2022, Nuclearelectrica went, within the FTSE Global All Cap indices, from the Small Cap category to the Mid Cap category.

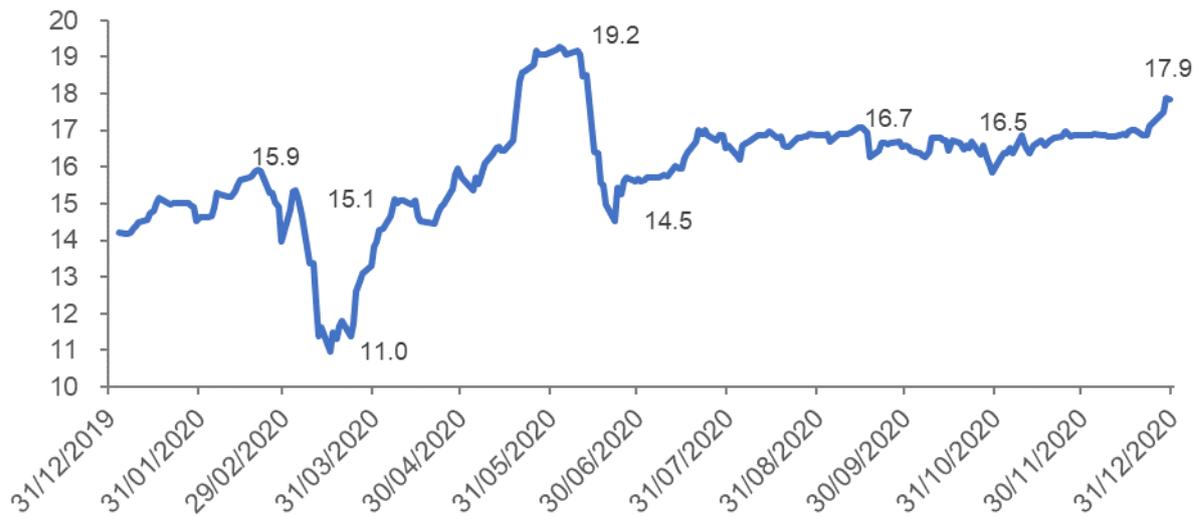
Evolution of the SNN share in the timeframe 2020-2021

YEAR	Item Transactions	Average daily number	Total volume	Value	Share price	Market capitalization
2020	47,829	192.08	41,985,656 shares;	RON 680,019,322.02;	Maximum-19.48 Minimum-10.56	RON 5,387,359,946.84,
2021	70,774	277.5	17,589,470	RON 509,436,385	Maximum 48 Minimum 18.14	RON 14,177,263,018

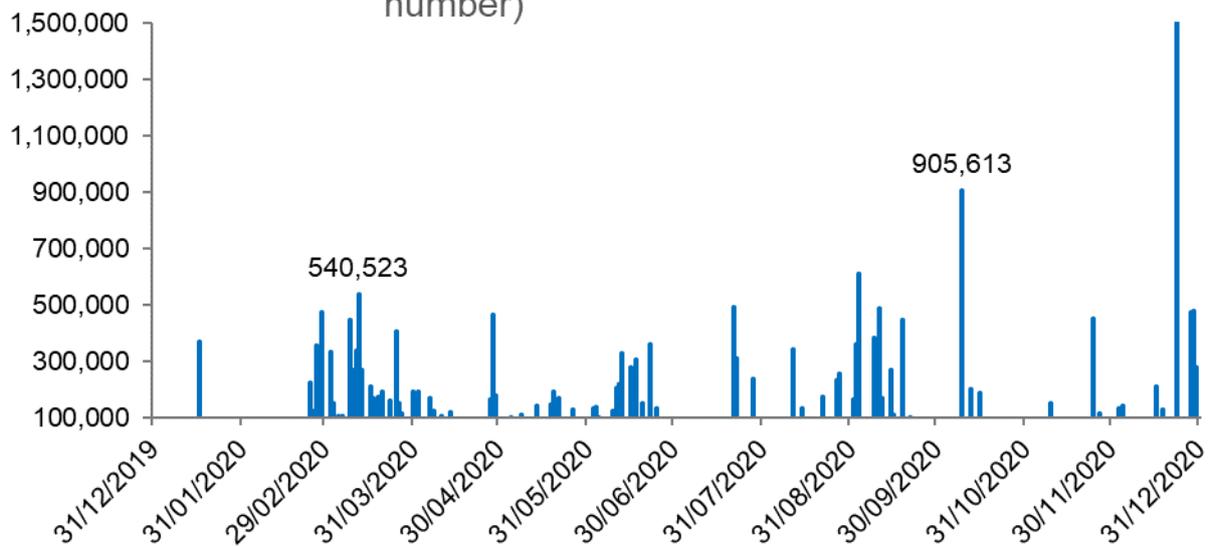
Annual evolution of the SNN share in the period 2020-June 1, 2022

2020

SNN share price evolution in 2020 (lei/share)



Transaction volume per SNN share in 2020 (share number)

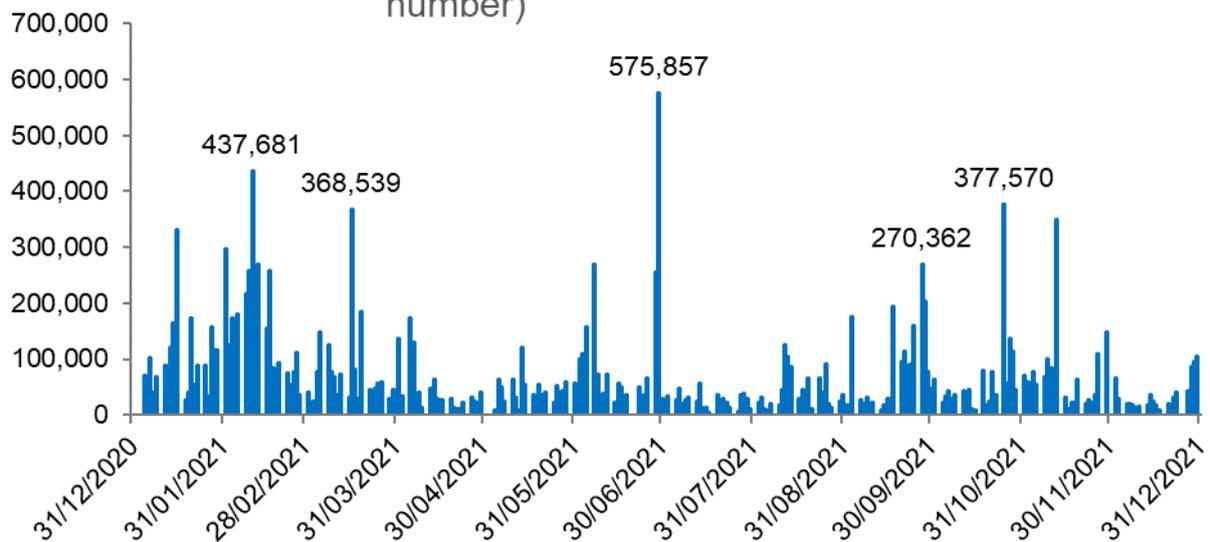


2021

SNN share price evolution in 2021 (lei/share)

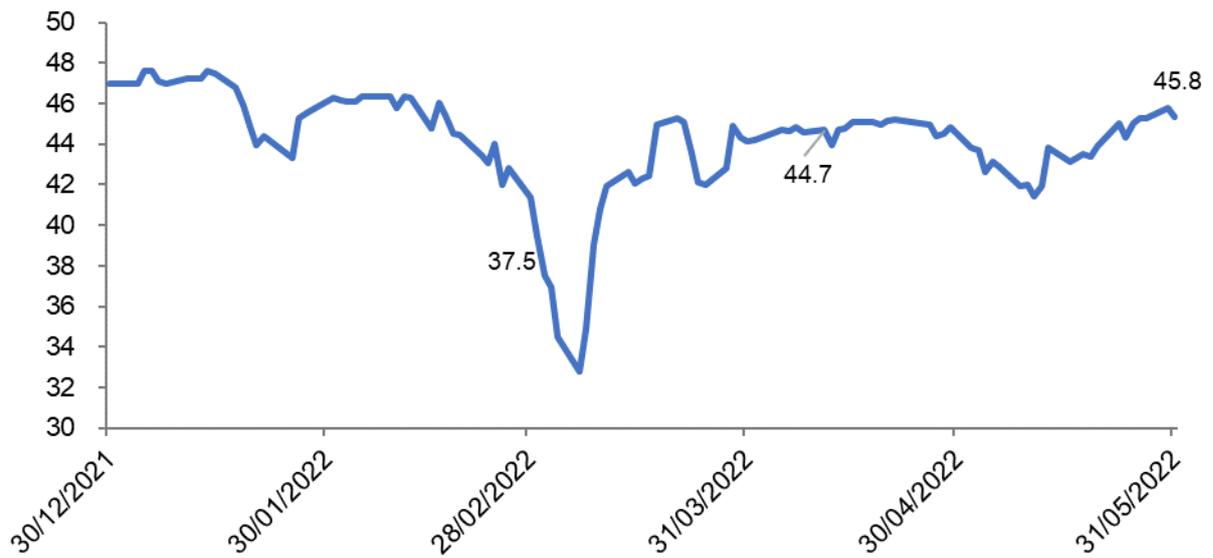


Transaction volume per SNN share in 2021 (share number)

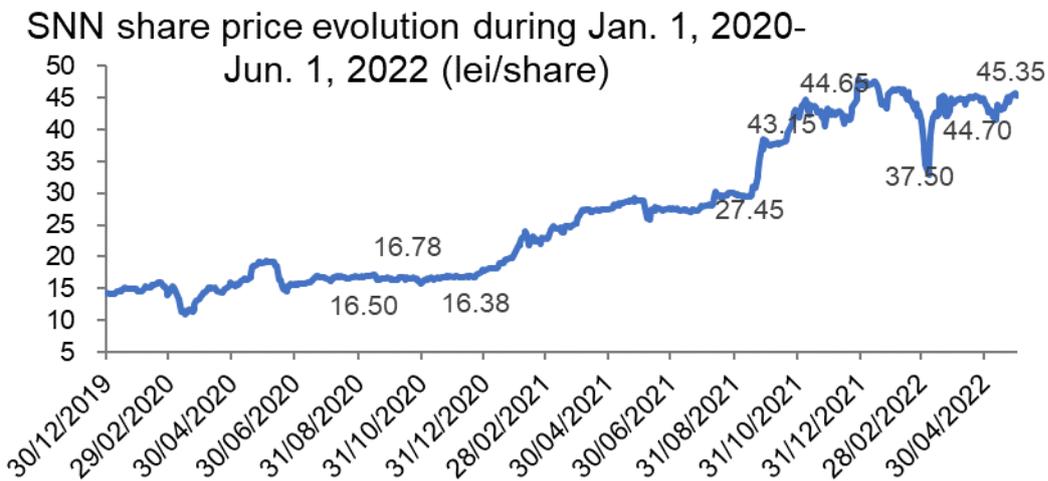


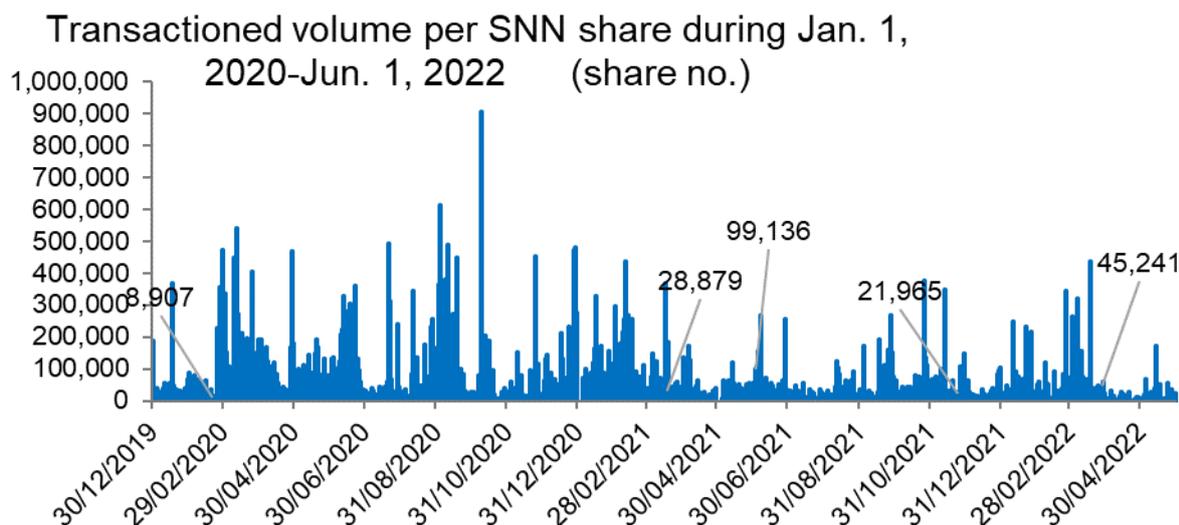
2022-Period January 1-June 1 2022

SNN share price evolution in 2022 (lei/share)



Integrated evolution of the SNN share price and transaction volume in the period 2020 - June 1, 2022





XI. HUMAN RESOURCES

Regarding social aspects and in connection with the labor force within SNN, according to the provisions of Art. 20 of the Articles of Incorporation of SNN, the Board of Directors has the following duties, in the area of human resources:

- approves the people empowered to negotiate the Collective Labor Agreement with the representative trade unions and/ or the employees' representatives, as well as the negotiation mandate granted thereto,
- approves the Collective Labor Agreement within the Company,
- approves the organizational structure of the Company and the number of positions, as well as the Company's Organization and Operation Regulations

The employees' rights and obligations are stipulated in the Collective Labor Agreement ("CLA") of SNN, in individual employment contracts ("IEC") and the Internal Regulations of the Company. The employees' rights and obligations of stipulated in the CLA are formulated in full observance of the human rights, the right to work in compliance with the applicable law, employees benefiting from equal treatment, without discrimination, corresponding to the international standards of the nuclear industry, in conjunction with the law and the motivational packages tailored to the macro- and micro-economic specificity in Romania.

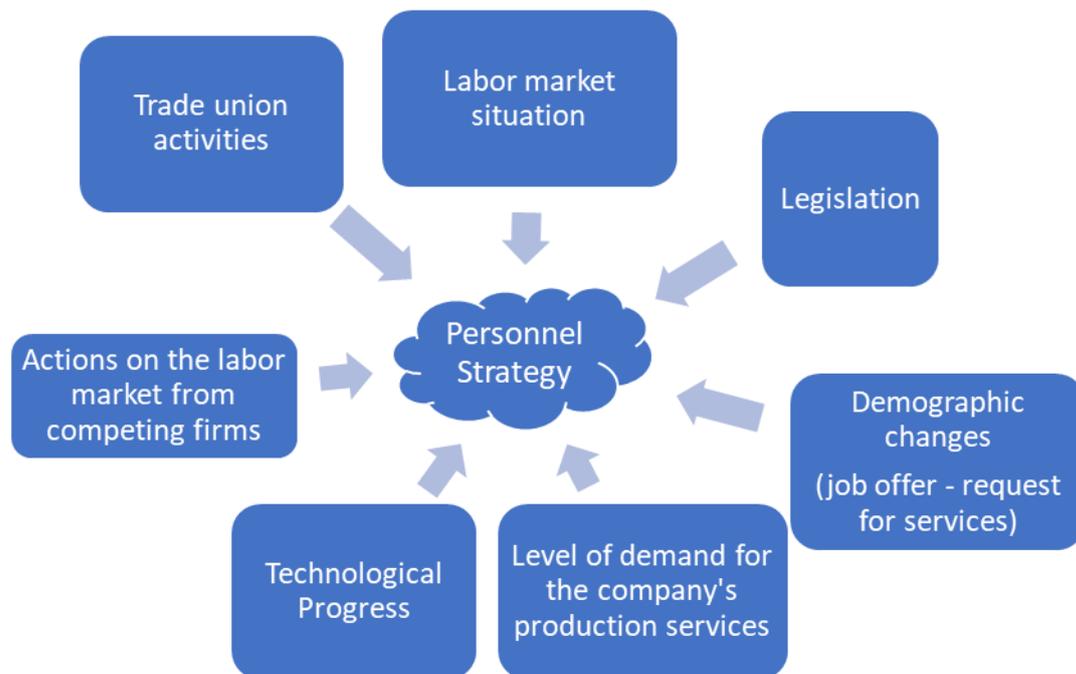
The normative act governing the labor relationships within the Company is the Labor Code - Law No. 53/2003, as further amended and supplemented, whereby, during the term of the 2019-2020 Management Plan, between the Company's Board of Directors and its employees, represented by the Cernavoda NPP Trade Union, representative trade union at unit level, with legal personality, the following have been signed and registered with the Bucharest ITM [*Territorial Labor Inspectorate*]:

- SNN's Collective Labor Agreement (SNN CLA) valid in the period December 1, 2018 - November 30, 2020;
- SNN's Collective Labor Agreement (SNN CLA) valid in the period December 1, 2020 - November 30, 2021;
- SNN's Collective Labor Agreement (SNN CLA) valid in the period October 1, 2021 - September 30, 2023;

The employees' rights and obligations are stipulated in the Collective Labor Agreement ("CLA") of SNN, in individual employment contracts ("IEC") and the Internal Regulations of the Company. The employees' rights and obligations of stipulated in the CLA are formulated in full observance of the

human rights, the right to work in compliance with the applicable law, employees benefiting from equal treatment, without discrimination, corresponding to the international standards of the nuclear industry, in conjunction with the law and the motivational packages tailored to the macro- and micro-economic specificity in Romania.

According to the Management Plan, in terms of optimizing and streamlining the organizational structure, this entails a major responsibility in facilitating the change process, in response to the following influences on the personnel strategy:



The main changes operated in the organizational structure of SNN, during the four years of mandate, have been made in compliance with the provisions of Art. 18 par. 3 of the Fundamental Nuclear Safety Requirements for Nuclear Installations (NSN21), which require to obtain the CNCAN approval for organizational changes, before their implementation, being presented in summary as follows:

➤ **As of March 9, 2020**, the update of the organizational structure of SNN was approved, as a result of Decision No. 215/December 19, 2020, accepted by CNCAN with the communication registered with SNN under no. 2489/February 19, 2020, which included the following changes:

- The reorganization of the IT Operations Department (CIO), and of the entire structure subordinated thereto, for compliance with the provisions of the IT Strategy for 2020 – 2023, approved by Decision of the Board of Directors No. 206/November 29, 2019. In this context, IT Operations Department is dissolved, and in its place, the IT and Security Operations Division is set up, which will ensure the management of IT processes and security processes at company level, exercising the unitary coordination of these processes, the activities of which are currently organized at the level of the SNN branches, so as to ensure an integrated structure that can address, with adequately structured and efficiently designed capacities, means and modalities, the risks, threats or vulnerabilities on strategic, tactical and operational level.
- Calibration and implementation of independent oversight processes in an impartial, rigorous and systematic manner, by reference to the latest standards in the field of nuclear industry;
- The avoidance of some disrupting factors of business continuity and current processes through a minimum involvement on behalf of the process owners of the operating organization;

- Ensuring a critical perspective and expertise appropriate to the challenges arising from the implementation of the organizational changes required for the operationalization of the independent oversight function, and ensuring a robust independent oversight function.

- Set up of the Department of International Relations and European Policies, whose scope of business consists in the management of internal and international relations and co-operations, contracts with external partners, European policies, studies and research – innovation within SNN.

➤ **The organizational structure of the Cernavoda NPP Branch** was updated during July 2020, by supplementing the number of positions, with the changes operated mainly consisting in:

- The set up of the Plant Support Services Department to increase the level of efficiency of related and common direct support services, in order to support the activities within the basic scope of the plant, as well as to ensure the efficient and timely supply of the spare parts and services necessary to support the preventive maintenance program of the plant, including in terms of optimizing the expenses reported on the relationship NPP - Contractors;

- The reorganization of some support activities and the supplementation of the number of positions to ensure the transfer of knowledge (necessity imposed by the high average age of the personnel, i.e., 47 years, and the legislation in the field of pensions), and to respond to the volume of specific activities influenced mainly by the legislative changes;

- Ensuring the human resources requirement for the activities within the Project of Refurbishment of U1 and CTRF (Tritium Removal Facility);

- Ensuring the structure for the training of the young generation of specialists in the nuclear energy industry.

➤ **With communication no. 9176/July 29, 2020, registered with CNCAN** under no. 7447/July 30, 2020, the updated form of the organizational chart of the Cernavoda NPP Branch was submitted for approval to CNCAN.

According to the correspondence held with CNCAN, but also the need to reorganize some functional areas, mainly with regard to the large investment projects of the company, the changes of the organizational chart of the Cernavoda NPP Branch were communicated for approval to CNCAN with communication no. 14324/December 16, 2020, registered with CNCAN under no. 5577/December 16, 2020. It is necessary to resize the number of positions assigned to the project for the refurbishment of U1, for the training of the human resource necessary for the implementation of the second phase of the project, planned for April-May 2022.

Thus, with Decision of the Board of Directors No. 21/February 24, 2021, it was approved to supplement by 100 positions the U1 Refurbishment Department within Cernavoda NPP.

The personnel employed on these positions is planned to go through a theoretical and practical training program of at least 1 year. The availability of this additional personnel, for the beginning of Phase II, will ensure the continuity of the project, so that the components of the reactor with a long manufacturing term (fuel channels, calandria tubes, feeders) are available to be replaced starting with December 2026, when U1 will be stopped following 30 years of operation. This will avoid the situation when the operation of U1 will have to be stopped, and the commencement of refurbishment works is impossible due to the fact that the preparations for their commencement are not completed.

These measures have also contributed to retaining and attracting qualified personnel that will allow both the operation of the refurbished production capacities, and the future operation of U3 and U4, according to the goals in the Management Plan for 2018-2019.

➤ **As of July 15, 2021**, some organizational changes have been applied at company level, approved with Decision of the Board No. 65/April 17, 2021 and the acceptance of CNCAN (communicated with communication no. 2805/June 9, 2021), consisting mainly in the reorganization of:

- Some organizational structures within the Operations Division, in order to adapt to the current volume of activities, especially in the technical and refurbishment area, and in terms of the strategic planning process and performance analysis, for correlation with the specific human resources processes within SNN;
- Some organizational structures within the Legal Division, given the current situation of the company's strategic projects, the volume of activities specific to the division, and the need to organize corporate activities related to the operation of the GSM;
- The Human Resources Department that was dissolved, and its activity was taken over and supplemented within the Human Resources Strategy Division, a newly established division, which also took over the activity within the Department of Strategic Planning and Performance Analysis, a department that was dissolved.

In line with the provisions of Art. 18(3) of the Fundamental Nuclear Safety Requirements for Nuclear Installations (NSN21), with SNN communication no. 4938/April 23, 2021 the approval of the organizational structure of the company, accompanied by the impact assessment sheet related to the changes arisen on nuclear safety, was requested.

➤ **As of February 1, 2022**, the current organizational structure of SNN was implemented, having been approved by BoD Decision No. 223 dated December 21, 2021, accepted by CNCAN with communication no. 74/January 6, 2022, registered with SNN under no. 202/January 7, 2022, formulated in addition to the substantiation elements underlying the issuance of BoD Decision No.65/April 17, 2021 approving the organizational structure of SNN, applicable as of July 15, 2021, consisting mainly in the redistribution of some activities and processes and the introduction of new activities mainly necessary for:

- Ensuring the corporate management of SNN subsidiaries;
- Analyzing the implementation of SNN processes (Business Transformation);
- Streamlining and increasing the effectiveness of procurement activities;
- Managing new activities regarding the expansion of the company in supplying nuclear fuel and complying with the specific applicable legal requirements (authorizations, licensing, etc.);
- Improving the communication processes with stakeholders, and the brand image of the company;

The change in the organizational structure of the head office, we appreciate to be in line with the goals of optimizing and streamlining it, in line with the specific considerations of energy production through nuclear processes, with the purpose of:

- Increasing the efficiency of process management within SNN;
- Raising the quality level of the strategic directions and tactics adopted at corporate level;
- Improving the effectiveness of delegating the authority in order to increase the effectiveness of the decision-making flow;
- With the control-assessment management function, materialized in the exercise of the periodic and formal control, the assessment of the results obtained, their comparison with the forecasted targets, and the evaluation of the potential for improvement, the additional administrative positions with the SNN head office, and in the future the reassignment of resources for the operating activities at Cernavoda NPP, will be revealed.

The main changes arisen in the current organizational structure of SNN consist in:

- Reorganization on structures of responsibility for processes: Corporate, Operational, Commercial and Development Services, these being led by a Deputy Chief Executive Officer, who has under their subordinated the correlative structures of the processes carried out in their area of responsibility, ensuring both their management at corporate level, and the interface relationship of the processes within the head office and the company's branches.

- The position of Deputy Chief Executive Officer of SNN with mandate contract was transformed into Deputy Chief Executive Officer of Corporate Services, thus passing from under direct subordination of the Board of Directors to the direct subordination of the Chief Executive Officer of S.N.N.
- Based on the current organizational structures, the Board of Directors has delegated the management of the company exclusively to the Chief Executive Officer, and the Chief Financial Officer, with whom the company has concluded mandate contracts.
- The IT and Security Operations Division has split into: The Information Technology Division, directly subordinated to the Chief Financial Officer, and the Information Security Division, directly subordinated to the Deputy Chief Operating Officer. These changes have the role of optimizing the processes and projects included in the computerization strategy of SNN for 2020 – 2023 and of strengthening the concept of Global Security Team.
- The set up of a new department, "Independent Evaluation", in order to ensure the specific activities of independent evaluation in compliance with the provisions of NSN 20 - Regulation on the nuclear safety policy and independent nuclear safety oversight, issued by CNCAN, which consist in the integrated, continuous evaluation of the way in which the units within SNN comply with all the applicable nuclear safety requirements. For the enforcement of Art. 12 and Art. 13 of NSN 20, the persons occupying the positions within the department have the necessary expertise, experience and qualifications, without being involved in the activities they evaluate, while also reporting to the highest level of management within SNN.
- The set up of the Nuclear Safety Division, which ensures the unitary management of nuclear safety operations, and the technical process across the entire company.
- The set up of the Process Management Analysis Department, which ensures the analysis of all the processes within SNN, contributing to the gradual optimization, in time, of the personnel resources assigned to carry out the activities within the SNN processes, correlated with their digitization, thus part of the positions will be redesigned or distributed in the areas requiring additional resources, or early training of specialists at the level of skill imposed in line with the requirements of NSN 21 for ensuring the resources of personnel, as well as in response to the departures of personnel through retirement on request, as a result of taking advantage of the completed periods of work under particular or special working conditions.
- The set up of the Communication and Public Relations Division, which will ensure in a unitary manner, including through the operational coordination of the communication processes within the branches and subsidiaries of SNN, the management and promotion of the company's image, of the nuclear industry and its impact in society, the management of potential image risks and crisis situations, the management of the communication with different types of target audience (general public, authorities, non-governmental organizations, media, shareholders and investors, capital market analysts and brokers, civil society, international organizations in the nuclear industry, partners, employees, potential employees, etc.), on different communication channels (own – social media channels, website, press releases, events, internal communication channels - intranet, etc.).
- The dissolution of the Department of International Relations and European Policies, with the activity being redistributed on areas of responsibility within the other organizational entities of SNN.
- The supplementation of the number of positions in the organizational structure of Cernavoda NPP with 153 positions, considering the provision of the necessary resources to comply with CNCAN requirements, as well as to improve the capacity to respond to the departures of personnel through retirement on request, as a result of taking advantage of the completed periods of work under particular or special working conditions. The supplementation responds to the goals undertaken by the Management Plan for 2019 – 2022, while also resolving both the human resources problems within

Cernavoda NPP in the long term, and the creation of the premises for optimizing the number of personnel in time by:

- ✓ Outsourcing the Support Services from the Cernavoda NPP Branch to the SNN Subsidiary – Nuclearelectrica Serv S.R.L.;
- ✓ Evaluations made at the level of processes to identify areas with low efficiency;
- ✓ Generational change by the exit from the organization of personnel through retirement, and the replacement thereof with younger employees, with minimal loss of expertise;
- ✓ Segregation in the future in order to continue the operation of U2, and the refurbishment of U1;
- ✓ Training competent human resources for the U3/U4 project.

The updates of the organizational structure, presented above, did not involve reductions of personnel, and did not cause a negative impact on nuclear safety, on the contrary, by optimizing the number of personnel, the information flow and the computerization or automation of processes contribute to the effective adoption of strategic decisions and tactics, in line with CNCAN regulatory requirements and with:

- ✓ International standards in the nuclear field and best practices (AIEA standards and recommendations and WANO recommendations);
- ✓ Ensuring a solid nuclear safety culture across all processes performed within the company;
- ✓ Recommendations set forth by WANO, as a result of audits conducted in terms of corporate governance;

The employees within SNN perform their activity in compliance with the established working hours, the job description as well as the Organization and Operation Regulations (“OOR”). The main activities, duties, responsibilities as well as the relationships between the functional compartments of the organizational structure of the company are indicated in the OOR. Thus, these were updated in 2020 by the inclusion of all organizational entities within SNN, including within the Branches of the company, specifying the relations of subordination and coordination of processes, including between the head office and the branches. The main activities, duties, responsibilities as well as the relationships between the departments of the company are stipulated in the updated OOR of the Company.

Furthermore, the OOR have also been updated in 2021 according to the organizational structure of the company, as of July 15, 2021, including all organizational entities within SNN, including within the Branches of the company, specifying the relations of subordination and coordination of processes, including between the head office and the branches. The updated OOR were approved by the Board of Directors of SNN with Decision No. 161/September 20, 2021.

The manner of applying legal provisions and internal regulatory provisions regarding work discipline are set by the Internal Regulations, elaborated in line with the legal requirements applicable in the field. The Internal Regulations have been updated on a regular basis, with the changes made in the labor legislation, and were made available to the employees on the Intranet page of the Company, and have full effect on the employees since the date of their publication.

During the Management Plan for 2019-2022, regarding the management of human capital, the company was involved, and constantly invested in ensuring the quality of the workers by diversifying the ways of systematic training, knowledge transfer and leadership, promoting meritocracy as a constituent of the motivation system, documented and implemented within SNN.

SNN initiated, implemented and maintained an ambitious program of attracting and training young specialists, both at university level through scholarships and specialized internships, but especially at the level of vocational education by setting up dual school classes, with a three-year cycle, in partnership with specialized high schools in Cernavoda and Medgidia, currently ongoing, where SNN, in addition to the contribution of vocational training, also provides each student with a scholarship in the amount of RON 400 per month. At the completion of the training program, all students included in this form of education will be provided with an offer for employment in SNN units.

The management team of SNN has succeeded to develop the collaboration with the university environment through a greater involvement regarding the training of practical skills of young people, becoming familiarized with their expectations and needs, and adapting their own existing programs mainly as part of the company's operating activities adapted thereto, in order to increase the attractiveness of SNN and the recognition of the employer brand. With the passing of Law No. 177 of July 19, 2018 on internship, SNN SA appreciated the significant contribution of this legal provision in increasing professional quality, both informal and formative, of young specialists, by attracting, motivating and actively engaging them within the company, with the SNN internship program starting with a number of 5 interns, and has reached in 2022 to plan 40 applications for this form of training of young specialists. It should be mentioned that at the end of the internship program, all SNN interns were employed within SNN units.

Another program dedicated to attracting and training a new generation of specialists in nuclear energy is the "Young Nuclearist" scholarship program, as a result of which 17 scholarship beneficiaries were attracted at the end of 2021, and for 2022 it is planned to continue this program for 24 scholarships. The nominal value of one scholarship is RON 2300 gross/month.

In achieving the goal undertaken under the Management Plan for 2019-2020, i.e., the **qualification of 10 people per year as green belt 6 sigma**, the top management has succeeded to initiate the formation of a learning culture within SNN, recognized as an essential organizational process characterized by:

- (i) Stimulating people's accountability, in response to excessive supervision;
- (ii) Autonomous learning, in response to the thematic content of training sessions;
- (iii) Accumulation of long-term knowledge, instead of short-term quick fixes

In this regard, 33 specialists from SNN, including the constituent branches, whose responsibilities consist in initiating and carrying out process improvement projects, as well as specialists involved in long-term modeling projects of the organization, including the development of apps for the computerization of the activities within the SNN, have graduated the Green Belt 6 Sigma Qualification Program. By the end of 2022, 7 more specialists from SNN will complete the Green Belt 6 Sigma Qualification Program.

In terms of the goal undertaken under the Management Plan for 2019-2020, regarding the **Launch of at least 10 annual improvement processes**, it was documented annually through the specific goal planing and monitoring system, pursuant to the internal procedure CM-00-03 "Setting and Monitoring Goals within SNN", and monitored during the internal control management meetings; all the performance indicators assigned to these goals have been achieved.

Process improvement projects related to the management of the human capital are essential for maintaining and continuously training an elite of professionals, knowing that the strength of a company lies in the quality, dedication and ability to engage the human capital held.

In the period 2020 – 2022, the process improvement projects related to the management of the human capital targeted the following fields and areas of responsibility:

- ✓ Adapting the organizational culture of SNN to the current best practices, and attracting organizational know-how by initiating and deploying the **Performer Project** – a project conducted through the consulting firm Ernst Young, a company with international recognition and with a relevant expertise in business analysis;
- ✓ Systematic professional training adapted to the specifics of nuclear units is a crucial component in terms of meeting the nuclear safety requirements, in order to confirm the performance in nuclear safety recognized by organizations such as WANO and IAEA.
- ✓ Attracting young people to train a new generation of specialists in the nuclear energy industry by running programs consisting in granting study scholarships, dual school, professional practice, participation in webinars and conferences on the topic of youth education. The relevant programs

conducted are: "Educated Romania", "Young Nuclearist", "PoliJobs", "Dual School", "Internship", "Specialized Practice".

✓ Adapting the procedures specific to the human resources field, so as to ensure, in addition to the unitary way of working at the level of the units within the company, the assimilation of the best practices in the nuclear energy industry, and of the recommendations of CNCAN and WANO, related to the recruitment and selection of personnel, organizational changes, the evidence of the working time, the assessment of individual performance, organizational climate, social responsibility, occupational safety and health.

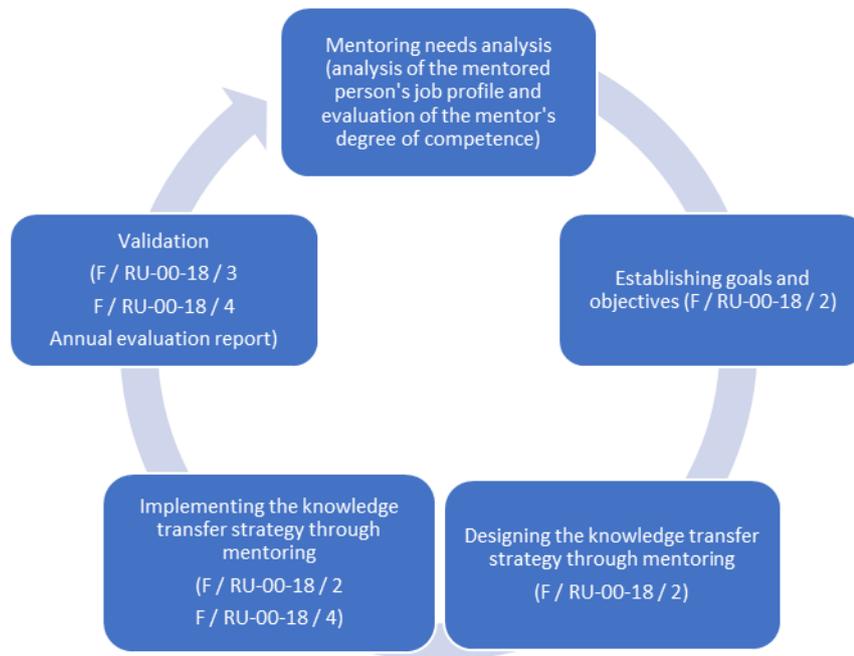
✓ Promoting meritocracy by introducing a system of rewards set out in the Collective Labor Agreement of SNN (participation of employees in the net profit, performance awards) based on variable components granted to employees with professional performance in the area of excellence.

✓ The digitization of HR activities by a number of 14 processes of improvement through digitization, mostly developed or in the development phase in the timeframe 2020-2022 through own forces concerning:



✓ Development of specialized programs through mentoring techniques, a crucial element in the management of succession programs implemented within the company, by means of a unitary procedure, RU-00-18 "Development and implementation of mentoring practices within SNN", which applies to the entire company, in order to ensure by mentoring the assimilation of knowledge and practices that are necessary for carrying out activities under quality and safety conditions, imposed by

the technical requirements, guidelines and specific standards of nuclear safety, to the younger specialists from the company. Mentoring is done based on the individual mentoring plan established in a uniform manner at company level, for each mentee. The performance of the mentoring sessions is determined in accordance with the SAT (Systematic Approach Training) module, shown in the following diagram:



- ✓ Corporate management (top management) training is carried out at company level, based on a training plan approved by CNCAN, whose purpose is to ensure a systematic professional training adapted to the nuclear specifics of the company's activity, and the requirements of the nuclear safety culture.
- ✓ Establishing, implementing and running succession programs in line with INPO 19-003 "Staying on top - Advancing a Culture of Continuous Improvement" so that through the medium and long-term personnel planning activities, intended to ensure business continuity on sensitive management/coordination positions, when they become vacant, and consisting in the identification and prior training of the personnel who have the necessary managerial and professional potential for filling such positions when they become vacant;
- ✓ Successor development is planned and monitored by newly developed individual development plans (IDPs). These IDPs include elements such as: Short and long term goals, learning objectives and support activities, training needs/activities, as well as roles/experiential activities that are necessary for development. These IDPs were developed following comparative analyses from the industry.
- ✓ Organizing the rotation program, which consists in temporarily occupying a management position in the area of operating, production processes, both at corporate level and at the level of production units;
- ✓ Initiating and developing an integrated function of occupational safety and health within SNN, so that these processes organized in line with the provisions of Law 319/2006 on safety and health at work, in all the workplaces within SNN to be carried out on the basis of a standardization of hazard identification, and the risks to be assessed for each component of the labor system, i.e., contractor, work load, means of work/work equipment and work environment.
- ✓ In the context imposed by the coronavirus pandemic, professional activities were maintained by implementing continuity plans at the level of each SNN unit, which contained even the isolation of the

essential personnel in order to ensure the operation of the production capacities within Cernavoda NPP. Also in this context, besides the sanitary protection measures, medical filter, Covid testing and social distancing, the company adopted forms of remote working, initially by allowing employees to work from home, and subsequently by introducing teleworking, a situation which required for the CLA, and the related HR policies within SNN to be adapted. These had a significant contribution in the preparation of the response capacity for future events, but especially in the accelerated digitization of work processes.

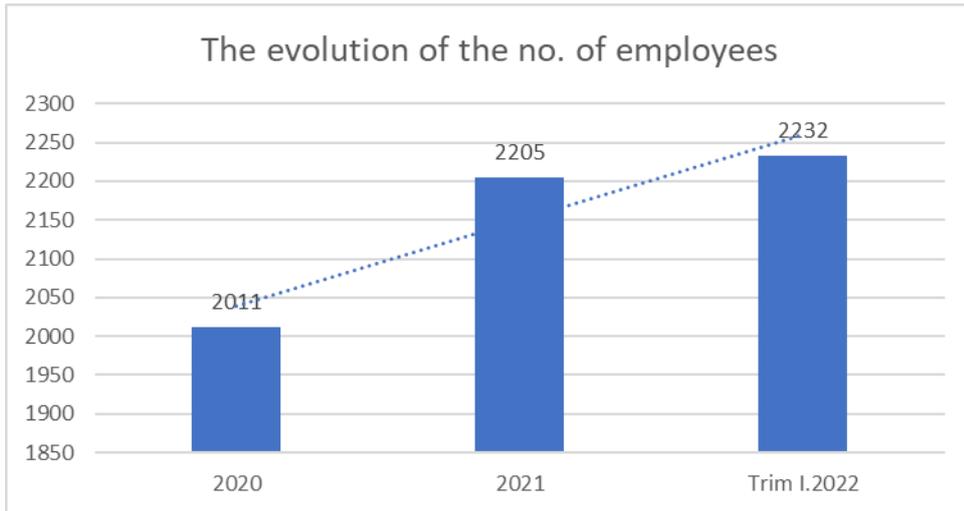
- ✓ Adapting the content of the SNN OOR to the approved organizational structure of SNN, including the constituent branches, detailing the activities, powers and responsibilities within the processes carried out by each organizational entity established within SNN, highlighted in the organizational structure of the company, including its branches, as well as the interface on areas of responsibility between the head office and the branches;
- ✓ Recruitment of personnel for the second phase of the refurbishment project of Unit No. 1 of Cernavoda NPP, approved by BoD Decision No. 21/February 24, 2021, a project attracting specialized personnel services to provide, in optimum time, the resources of personnel required to be prepared for the implementation of the project.
- ✓ The unitary documentation of the processes of knowledge transfer and development of leaders on the path from employment to reaching the age of retirement, through a specialized support consultancy in the development phase, with relevant experience and expertise in the world nuclear industry;
- ✓ Assessment of the compliance with the provisions of the Fundamental Nuclear Safety Requirements for Nuclear Installations (NSN21), approved by CNCAN Order No. 86/2020, as well as CNCAN Order No. 40/1990 on the criteria for classifying workplaces under the categories of radiological risk, for the jobs included in the organizational structure of the company, corresponding to the personnel operating within the two branches of the company, i.e., the Cernavoda NPP Branch and the Pitesti NFP Branch.
- ✓ Conducting a study by means of an expert so as to identify input elements for the measures required to be adopted in order to comply with the CNCAN regulatory requirements (NSN 21) and the substantiation of the resource requirement, including the remuneration policy of the SNN personnel, contained in the Collective Labor Agreement and the organizational changes necessary to be adopted.

In particular, the nuclear energy industry imposes on the personnel selected for positions of management, coordination and supervision of the activities within the processes carried out within the company requirements at the highest standards of professional competence and ethics in the specific field of activity, giving priority to nuclear safety considerations before any considerations of another nature.

SNN meets all the premises of an employer brand, credible inside and attractive outside, with any campaign for the attraction and retention of personnel starting from the clear establishment of the objectives, the identification of talents and their development, models of working as part of a team and individually, allowing for the valorization of the abilities of every employee.

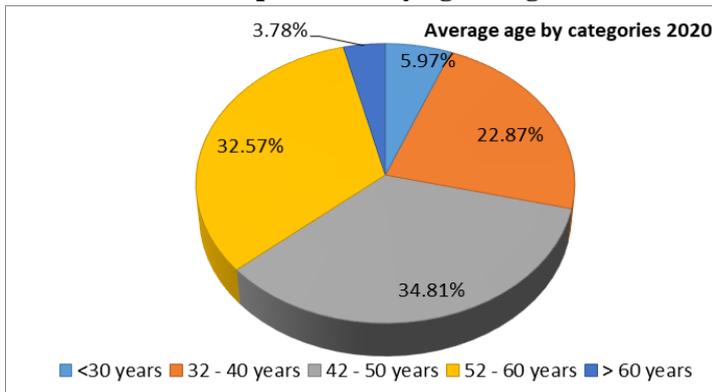
Situation of the main indicators related to the human resources in the period 2019-2022
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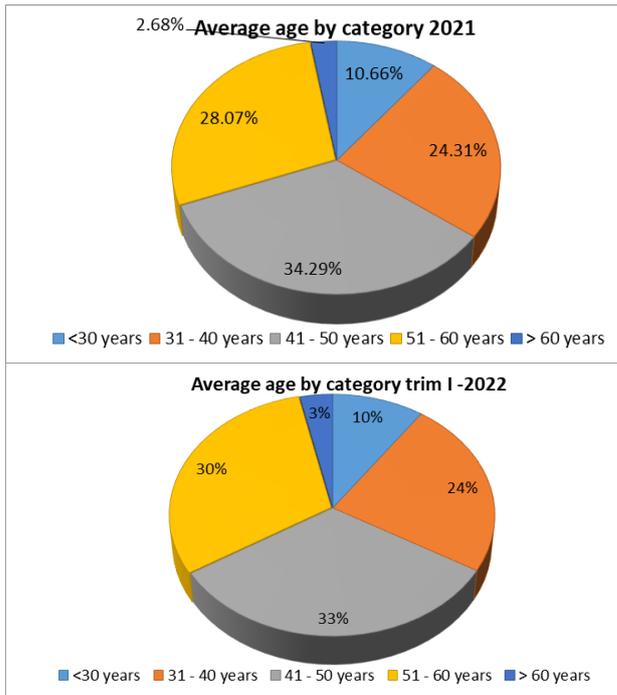
1. Staff Number



The indicator highlights the effectiveness of the managerial measures adopted, on the one hand, in response to the situation arisen in the second half of 2020, when a number of approx. 200 workers retired by fulfilling the conditions of the contribution period, taking advantage of the periods worked under particular and/or special working conditions, as a result of the messages communicated in the media concerning changes to the public pension law, and, on the other hand, to ensure the requirement of competent human resources in order to support the major investment/development projects of SNN.

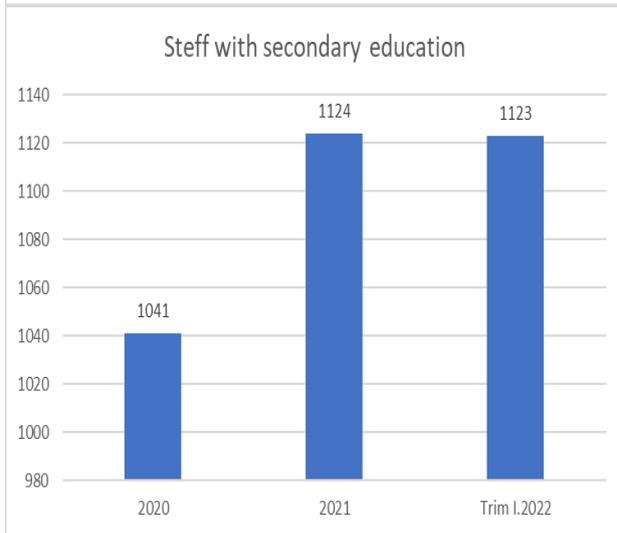
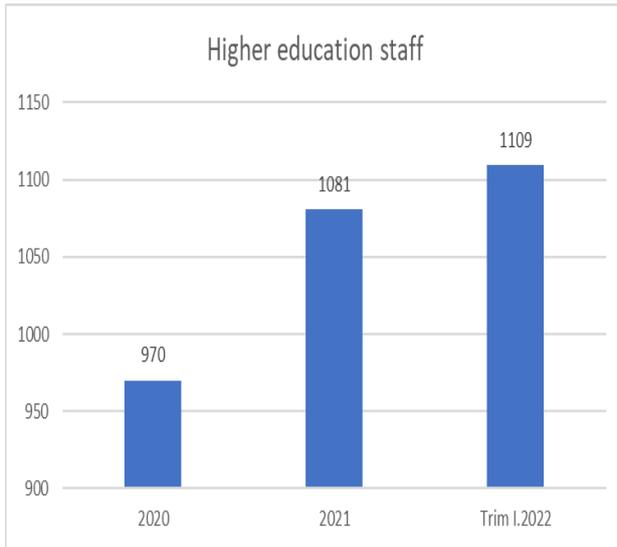
2. Situation of personnel by age categories





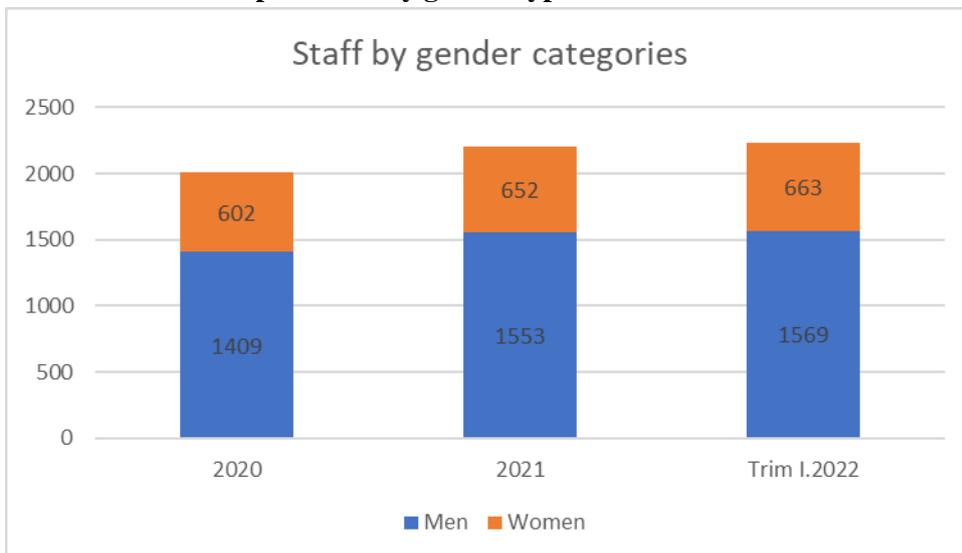
The status of personnel by age categories, reveals the percentage of the increase in the share of young staff in the timeframe 2020 - Q1 of 2022, a consequence of the programs for attracting and training a new generation of specialists in nuclear energy.

3. Situation of personnel by study categories

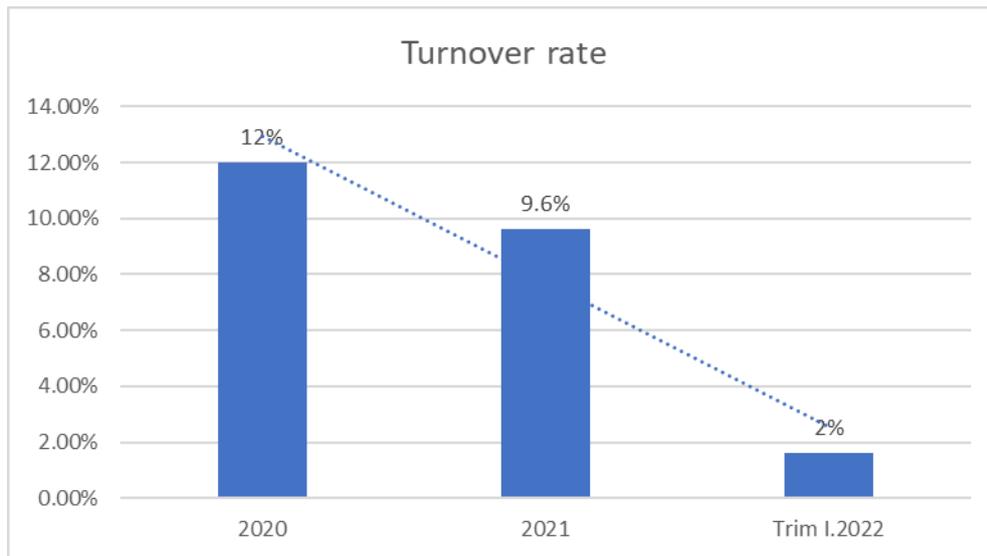


The high number of pensioners in the second half of 2020, presented above, influenced all the categories of personnel, as can be seen in the two reports broken down by study categories, and by gender type.

4. Situation of personnel by gender type

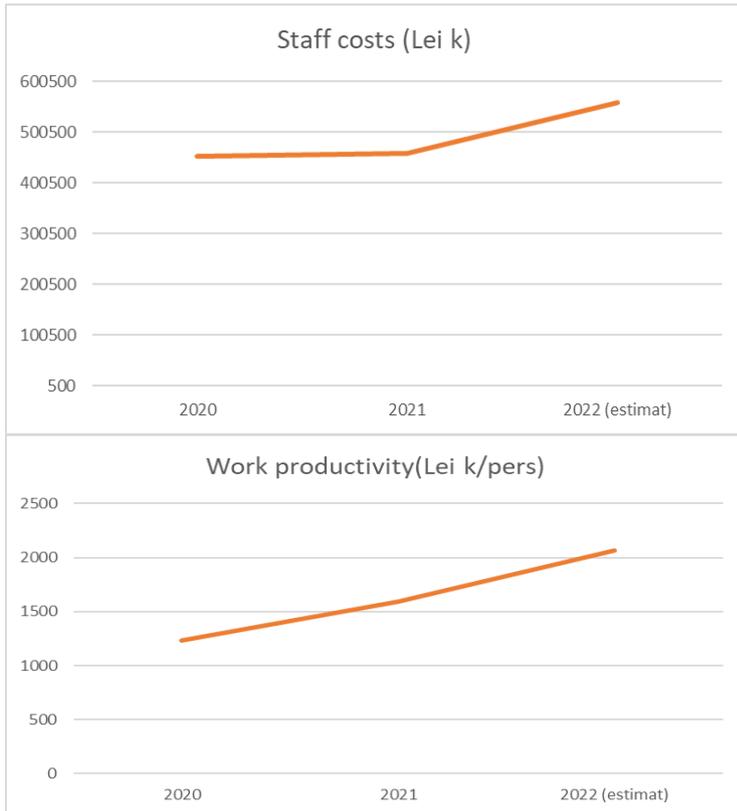


5. Personnel turnover



The turnover rate is influenced by the retirements through the reduction of the standard retirement age, as a result of taking advantage of the work periods under particular and/or special conditions, but as can be seen from the indicators presented above, with the measures adopted by the management of the company, these were compensated by attracting young specialists.

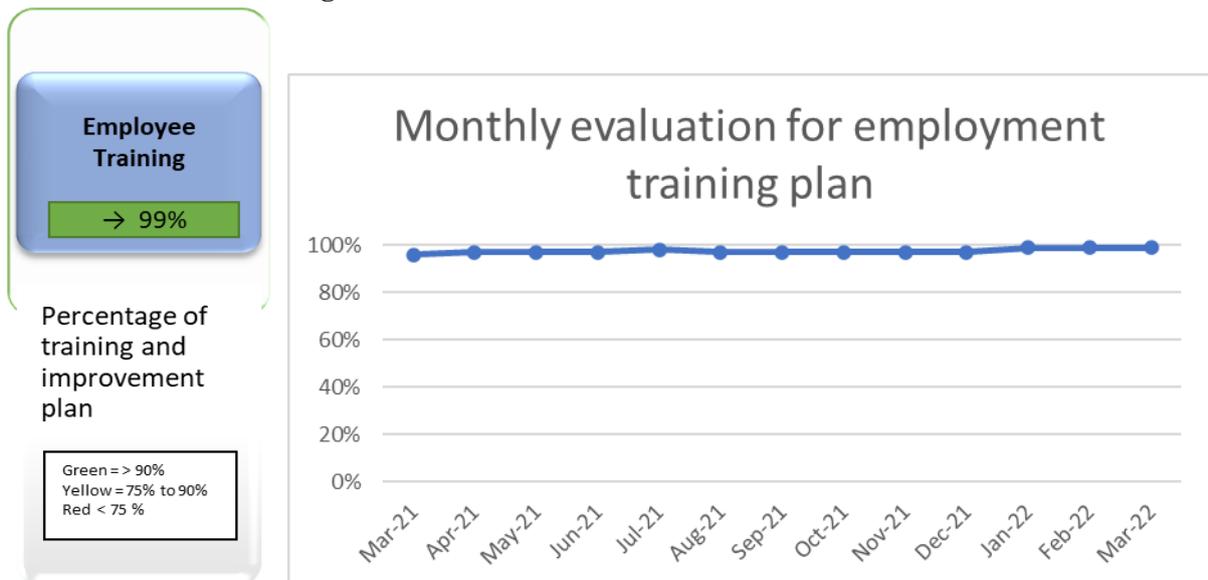
6. Situation of personnel expenses and labor productivity



The indicators highlight the growth correlation between personnel expenses and labor productivity in the timeframe 2020 - 2021, while for 2022, the estimate is in line with the data from the approved REB for 2022.

7. Performance indicators specific to human resources from the SNN Scorecard registered in Q1 of 2022

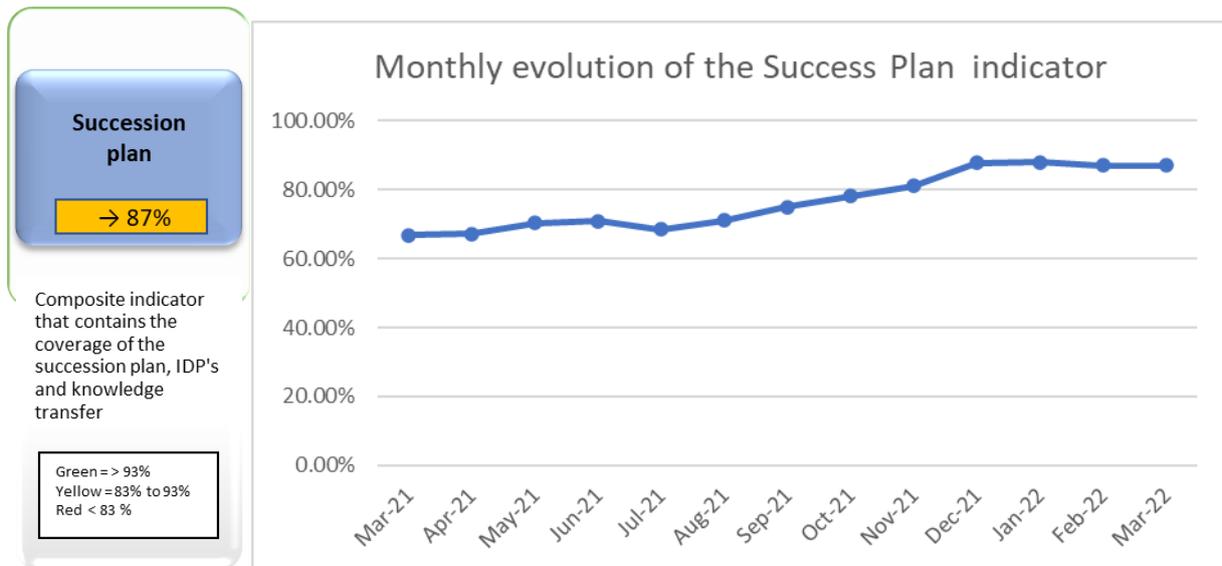
I. Personnel training



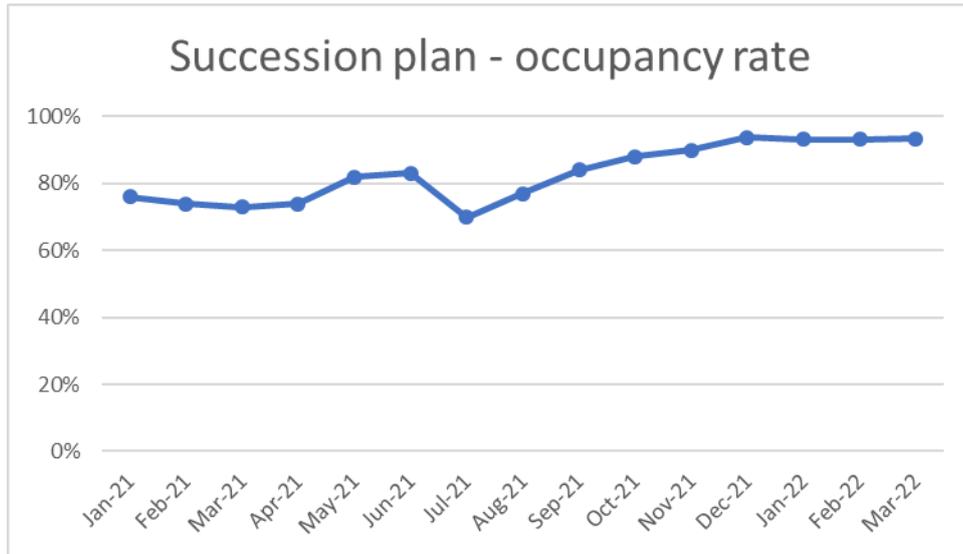
The indicator places the implementation of personnel training plans in the field of excellence, it has a constant evolution and will be improved by strategic directions aimed at the transfer of knowledge and

the development of the career plan.

II. Succession planning

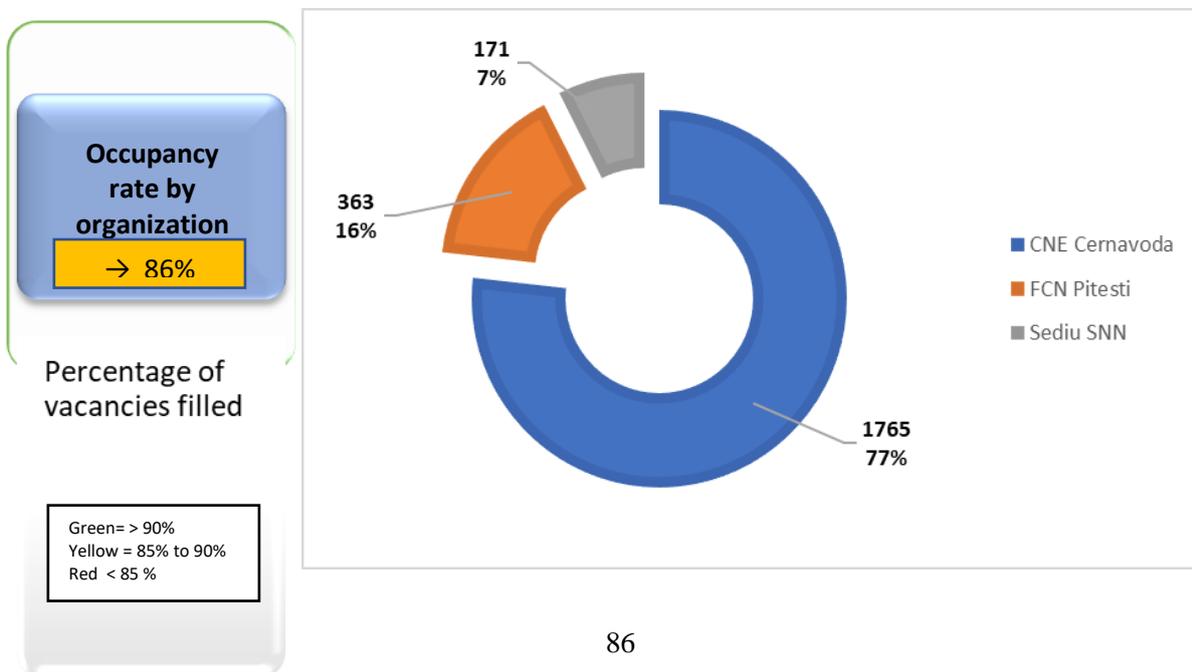


- The indicator on the management of succession plans established on the level of each unit within SNN is a composite indicator that includes the degree of coverage of sensitive positions within the company that require the appointment of successors, successor training and knowledge transfer by mentoring techniques.
- The indicator is located in the yellow area, mainly due to the transfer of knowledge, which requires time to mainly complete the mentoring programs with a period of at least six months or a year.
- The purpose of succession planning activities is to ensure that adequate resources are available to quickly fill a sensitive leadership/coordination position that has become vacant.
- The coverage with the successors was significantly improved in 2021, considering the measures adopted by the company's management, in establishing a documented unitary framework for the management of the succession plan, and its evolution is presented in the following chart:



- This evolution is monitored on a monthly basis during MRM meetings, including the completion stage of the preparatory actions included in the Individual Development Plans established for each successor.
- The analysis of the progress recorded by the personnel included in the succession plan for sensitive management/coordination positions is conducted on an annual basis, within 10 days after the completion of the annual assessment of the successor's individual performance, by each line manager for the directly subordinated management/coordination positions, in cooperation with the potential successor's direct manager.
- The selected successors are included in the list of legal replacements of the holders of sensitive management/coordination positions within the SNN executive.
- The collective labor contract and the specific procedure for the promotion of employees have been updated, so that the succession plans can be capitalized.

III. Occupancy rate of the organizational chart



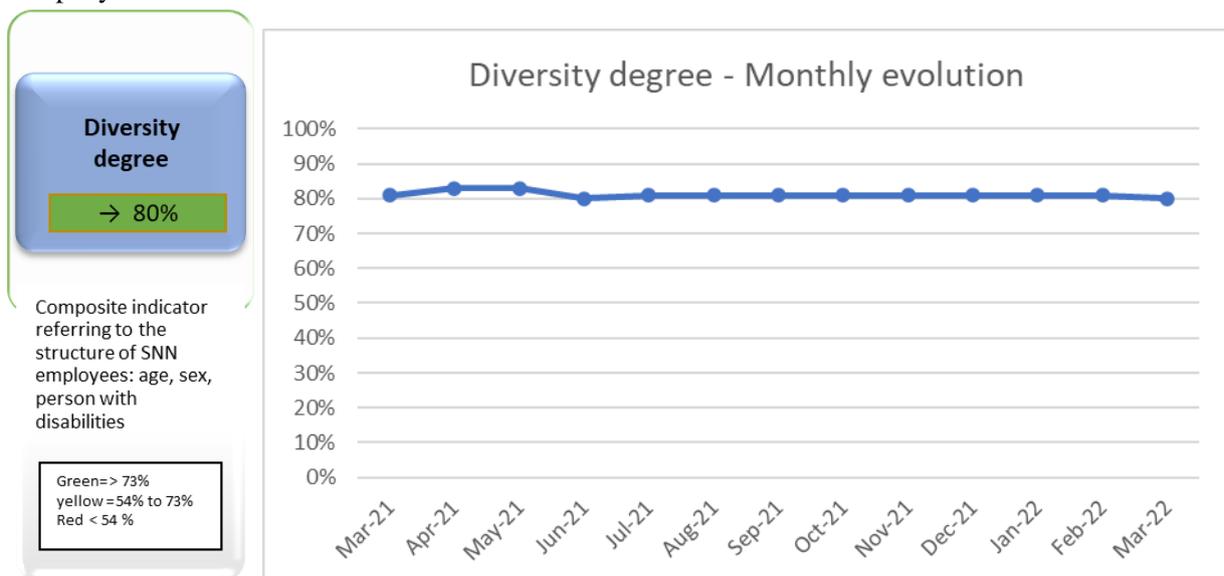
Following the monitoring of this indicator, prompt actions were established, in order to rethink the recruitment process, simplify bureaucratic formalities, use specialized recruitment services and digitize the recruitment process at company level.

Strategic action directions in optimizing this indicator consist of:

- Conducting a professional analysis, with the approval of CNCAN, on the correct sizing of the necessary personnel and salaries competitive with the nuclear energy industry in the European Union for positions that are important for nuclear security, and also for support positions in comparison to the labor market, according to the requirements of the Fundamental Norms of Nuclear Security - NSN 21; study in progress, to be completed until April 2022;
- Involvement in the early training of the young generation of specialists, by participating in the "Educated Romania" national program;
- Involvement of SNN specialists in adapting university study programs and professional secondary studies in activity fields specific to the production of electricity from nuclear sources;
- Attracting partnerships for the training and coaching of young specialists, including SNN scholarship holders, in areas of specialization specific to the activities carried out within SNN and the development projects carried out within the company;
- Training courses in high performance units in the nuclear energy industry of the personnel who will ensure the operation and maintenance of both the refurbishment production capacities and the new investments in the production capacities of the company.

IV. Diversity indicator

A composite indicator that includes attracting and stability within the company of young specialists (under 30 years old), gender diversity and access of persons with disabilities to workplaces in the company.



The indicator has a constant cumulated evolution, is in the area of excellence, and the strategic directions of action consist of:

- Involvement of the company in the early training of the young generation of specialists in the nuclear energy industry, both by the strategic directions mentioned above and by supporting modernization laboratories, school workshops, internship programs, study facilities, school/university competitions or participation in thematic projects.
- Optimizing the management of internal communication by conducting research programs on employees' satisfaction with the culture and organizational climate, organizing thematic social actions in order to adapt behaviors to the mission, vision and values of SNN.
- Diversity tracking and monitoring are performed for the first time, and are part of a broader strategy to improve representation within the organization;
- In addition to including these new measures in the SNN Report Card, a monthly management review is conducted at the top management level of the company, in order to analyze and discuss the progress made in each of these areas.
- A complex mentoring program has been implemented in order to help support the increased number of employees who require a development of leadership roles or for the positions that require tacit knowledge and specific skills.
- A management rotation program was implemented, and the first employee was from the NPP at SNN; the program started in the summer of 2021 and continues in 2022. Future rotations between sites (NPP and NFP) to corporate, as well as from corporate to sites, are planned in order to help individual development and improve the alignment between different organizations.
- The collaboration with national universities and other educational institutions has been improved and formalized, with newly developed objectives for internships within the company, in order to hire directly from a group of university or vocational graduates in the technical field.

The evolution of the main indicators referring to the management of the human capital, highlights the fact that the company is among the best performing companies subordinated to the Ministry of Energy, with a result that has seen a significant increase.

These results are due both to the current non-executive and executive management team, but in particular to the dedication, professionalism and constant involvement of SNN employees, as they represent the most valuable asset of the company.

The top management is aware of the value of the human capital of SNN, and of the need for constant preoccupation to maintain the values of excellence, the assimilation of new technologies and know-how, the sustained professional training for the development of skills across all hierarchical levels, the adaptation of the remuneration system to the performance achieved, and the promotion of meritocratic principles.

XII. PURCHASES

General Aspects

SNN, in its capacity of Contracting Authority, defined pursuant to the provisions of Law No. 99/2016, on sectoral procurements, is bound to purchase the products, services or works necessary for the performance of the relevant activity by awarding procedures being run under the conditions regulated by the aforementioned legislative act, as a rule, open tender, competitive negotiation or simplified procedure.

SNN has the supply sources for the performance of its core activity under good conditions, both from domestic and import sources, and the inventories of raw materials and materials are sized accordingly, in order to provide the continuation of operation of the 2 nuclear units in Cernavoda, as well as for the manufacturing of nuclear fuel at Pitesti NFP.

The technical-material supply activity is correlated to:

- Regarding Cernavoda NPP: the necessary products (consisting, as appropriate, equipment, spare parts, materials, consumables, etc.), resulted from the evaluation of preventing and corrective maintenance programs, in appropriate case, from the investment program for Units 1 and 2 of Cernavoda NPP, including the common objectives of the 2 Units (for example, the Interim Spent Fuel Storage Facility – DICA). A very important issue is the procurement of the critical spare parts. Critical spare parts are primarily intended for the equipment the defects whereof can lead to the decrease of the nuclear security system redundancy, incidents that can jeopardize the environment or staff health, can cause operation transients or the necessity to reduce the power, can generate major flaws to the important equipment of the Power Plant.
- Regarding Pitesti NFP: The annual production necessities (NAF) for the implementation of the annual fuel production plan, also ensuring the reserve inventory, according to the Company Strategy. Great importance is paid to the procurement of raw materials consisting in uranium dioxide (UO₂) sinterable powder, or, as applicable, uranium technical concentrate, which is being processed in Feldioara, as well as various semi-finished goods made of Zircaloy 4 (tubes, round bar, sheet, wire) used in the manufacturing of the fuel item.

➤ **Relevant achievements during the reference period (2018 – 2022) in the area of purchases**

BoD Decision No. 68/April 25, 2018 approved the Procurement Policy of National Company Nuclearelectrica SA ("SNN"), which seeks to establish a set of measures aimed at streamlining the process for the purchase of products, services and works within SNN, especially in terms of ensuring the optimum development of the activities of the two branches, regarding the manufacture of nuclear fuel, and the production of electricity, respectively, as well as the compliance with the safety principles regulated at national and international level.

BoD Decision No. 36/March 22, 2018 endorsed the Strategy for diversifying sources of raw material supply needed to produce nuclear fuel, in order to submit it for approval by the General Meeting of Shareholders.

BoD Decision No. 56/April 25, 2018 approved the initiation and performance of the procurement procedure for a quantity of approximately 720 tons of uranium in the form of UO₂ sinterable powder, with an estimated value of USD 68,140,800. Furthermore, the BoD approved all subsequent steps in connection with said purchase, including, without limitation: approval of the conclusion of framework contracts with the 2 qualified suppliers of UO₂ powder (CNU and Cameco), approval of pre-orders and orders of UO₂ with CNU; granting advance payments to CNU; changing delivery times on the orders with CNU, etc. (BoD Decision No. 120/July 16, 2018; BoD Decision No. 188/October 29, 2018; BoD Decision No. 191/November 1, 2018; BoD Decision No. 206/November 15, 2018; BoD Decision No. 35/March 7, 2019; BoD Decision No. 109/July 2, 2019; BoD Decision No. 44/March 5, 2020).

According to the provisions of the Articles of Incorporation of SNN, the Board of Directors approved the initiation of the procedures for the purchase of products, services or works, the estimated value of

which is equal to or greater than EUR 5,000,000, without VAT. In this regard, during the reference period, a number of 33 BoD Decisions were issued, according to Annex 1.

Of these, we mention the most important ones, as follows:

- Decision No. 195/October 15, 2020 - Replacing the Rotor of the Main Electric Generator 2-4121-G02 from Unit 2 of Cernavoda NPP, with a new Rotor - estimated value USD 25,000,000;
- Decision No. 196/October 15, 2020 - Improving the reliability of the electric generator 1-4121-G01, by replacing the stator coil - estimated value USD 23,000,000;
- Decision No. 137/August 10, 2021 - Continuation of the execution and completion of the works required to change the intended use of the existing constructions found on the site of Unit 5, from that of a nuclear power plant, to that of other support objectives, useful during the lifetime of Units 1 and 2 in operation, and the future Units 3 and 4 of Cernavoda NPP, with the purpose of ensuring their operation under nuclear safety conditions and the fulfilment of all legal requirements - estimated value RON 112,314,612.09;
- Decision No. 119/July 26, 2021 - Lifetime Assessment, Inspection and Maintenance Services regarding the Steam Generators of Cernavoda NPP, Unit 1, in the period 2022-2027, and regarding the Steam Generators of Unit 2 in the period 2022-2032, respectively - estimated value CAD 49,480,608.60.
- Decision No. 28/February 22, 2022 - U₃O₈ (natural uranium technical concentrate) with a minimum uranium content of 65 % - estimated value USD 180,000,000;
- Decision No. 75/April 19, 2022 - Engineering services for drafting the documentation for the purchase of reactor components with long manufacturing term to be replaced upon the Refurbishment of Unit 1 and to assess the condition of the specialized tool set to be used when replacing the reactor components - estimated value of CAD 64,780,000, without VAT, the equivalent of RON 233,823,410 without VAT
- Decision no. 116/June 10, 2022 - Training services for the operating personnel with CNCAN authorization requirements from the Cernavoda NPP, in order to operate the plant in conditions of nuclear safety and security Instructor CNCAN - estimated value Euro 6,797,348 without VAT (Euro 47,314,476 without VAT), equivalent of RON 33,646,875 without VAT;

According to the provisions of the Articles of Incorporation of SNN, the Board of Directors approved the conclusion of contracts for the purchase of products, services or works, as a result of the procedures conducted, the estimated value of which is equal to or greater than EUR 5,000,000, without VAT. In this regard, during the reference period (January 2018 - May 2019), a number of 8 BoD Decisions were issued, according to Annex 2.

According to the provisions of Art. 52 par. (5) of OUG No. 109/2011 **on the corporate governance of public enterprises, as further amended and supplemented**, the Board of Directors approved the conclusion of transactions with the *directors or managers or, as applicable, with the members of the supervision board, or the management, with employees, with shareholders holding the control on the company, or with a company controlled by them*, if these amount, individually or in a series of transactions, to at least the equivalent in RON of EUR 50,000. In this regard, during the reference period, a number of 39 BoD Decisions were issued.

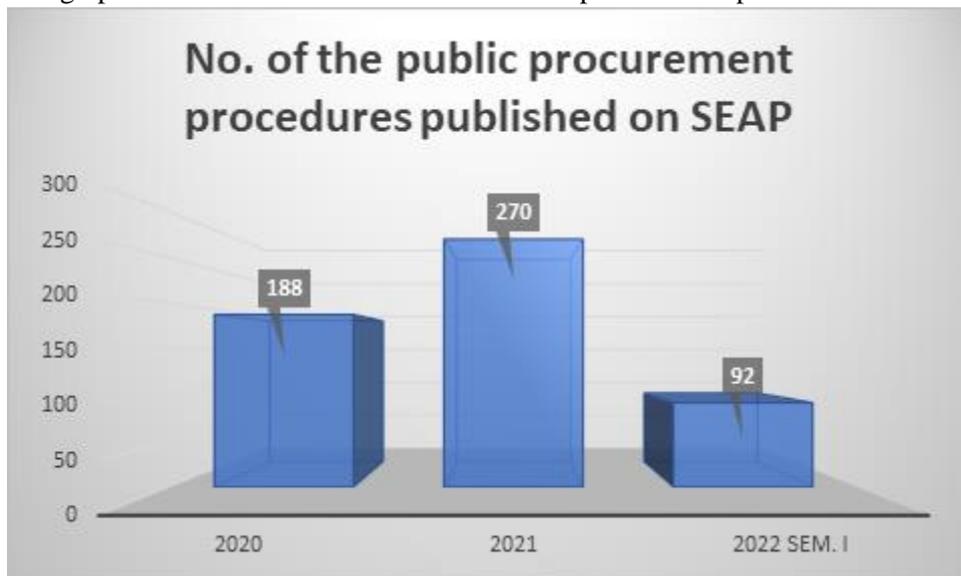
According to Resolution of the Extraordinary General Meeting of Shareholders (EGMS) No. 8/October 6, 2014, the Board of Directors endorsed and submitted to the EGMS quarterly reports regarding the

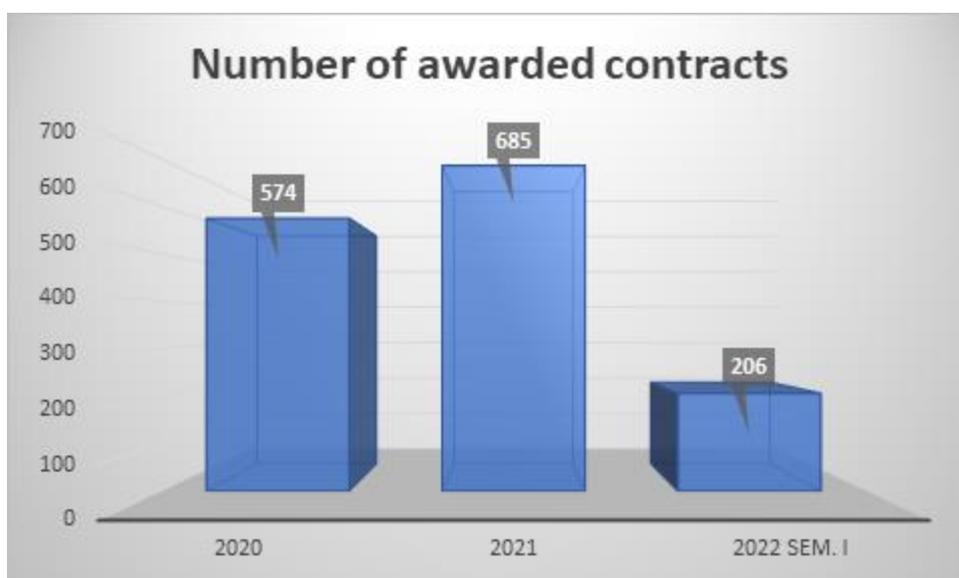
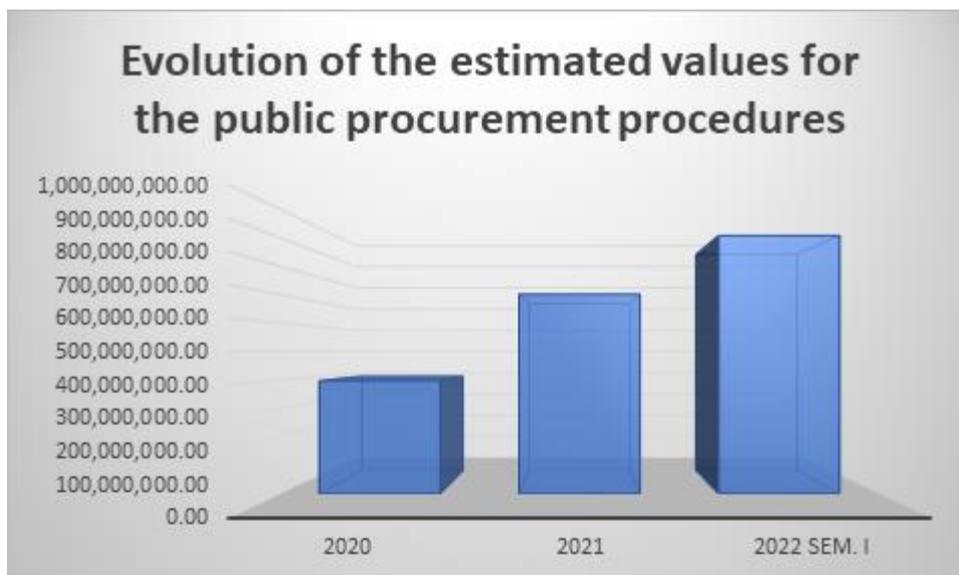
purchase of goods, services and works the value of which is higher than EUR 500,000/purchase (for purchases of goods and works) and EUR 100,000/purchase (for services), respectively. The information is comprised in reports of the Board of Directors published on a quarterly basis on the website of the company. The report included information regarding the legal grounds based on which the purchase was performed, the procurement procedure was carried out, the scope of the procurement contract, its value and term. In this regard, during the reference period, a number of 16 BoD Decisions were issued, according to Annex 4.

In compliance with the applicable legislation and the Procurement Policy of SNN:

- During **2020**, SNN initiated and carried out a number of **188** awarding procedures (excluding direct purchases and exceptions) for the purchase of products, services and works, with an estimated cumulated value of **RON 397,187,607**. Overall, in 2020, at central and branch level, a total of **574** sectoral procurement **contracts** were concluded.
- During **2021**, SNN initiated and carried out a number of **270** awarding procedures (excluding direct purchases and exceptions) for the purchase of products, services and works, with an estimated cumulated value of **RON 701,033,195.26**. Overall, in 2021, at central and branch level, a total of **685** sectoral procurement **contracts** were concluded.

The graphical illustration of the data on sectoral procurement presented above is the following:





XIII. LEGAL ACTIVITY

A Legal Division is organized within the Company, which as of March 31, 2022 has the role of ensuring the legality of the company's business, as well as the legal representation before courts of any degree, administrative-jurisdictional authorities, arbitration courts, institutions and authorities involved in the matter. The Legal Division is led by the Legal Manager subordinated to the Deputy Chief Executive Officer of Corporate Services and is composed of 12 positions of legal adviser, and 2 of specialist officer in the Head Office, and 4 in the Branches. Legal Division:

(i) has the role of ensuring the observance of the legality in the business conducted by the Company, protecting its patrimonial and non-patrimonial interests by issuing legality notices regarding the documents subject to legal endorsement within the deadline established under internal procedures.

(ii) provides legal advice and legal analysis regarding the entire business of the company, including on issues aimed at protecting the rights and interests of SNN as a partner/shareholder in its subsidiaries, as well as

on issues related to corporate governance corresponding to the General Meeting of Shareholders and the Board of Directors; (iii) ensures the representation of SNN's interests before the courts of law, arbitral tribunals, criminal investigation bodies and prosecutor's offices attached to the courts of law, based on and within the limits of the power of attorney granted, drawing up the necessary procedural documents.

Within each of the Cernavoda NPP Branch and the Pitesti NFP Branch, a Legal and Litigation Office is organized, which, under the operational coordination of the Legal Manager, provides specialized support to the structures within the branches.

The Legal Division is proactively involved both in support activities that are related to the management of the operation of the nuclear installations owned by the Company, as well as in its major investment projects.

The Legal Division approves the documents related to purchases, in compliance with the legal provisions and the internal procedures, ensures the representation of the Company in disputes, and provides specialized consultancy to the other divisions of the Company.

The Legal Division offers legal assistance and support to the Company's management in the decision-making process and legal assistance to the other structures of the Company regarding, mainly, the following:

1. aspects of corporate governance, including in the enforcement of the provisions of Emergency Ordinance No. 109/2011 on the corporate governance of public enterprises; the Legal Division approves the legality of the materials submitted during the meetings of the Board of Directors and the General Meetings of Shareholders;
2. organizing and conducting the meetings of the General Meeting of Shareholders of the Company, participating in them, drafting the related documents and registering them with the ONRC [*National Trade Register Office*];
3. issues regarding the Company's participation on the markets for the sale of electricity, including by endorsing the legality of the contracts concluded by the Company with third parties on these markets;
4. issues regarding human resources and labor law by drafting standard documents corresponding to this activity, participating in negotiations with trade unions, and endorsing the legality;
5. public procurement, being involved in providing consultancy regarding the awarding and performance of public procurement contracts; in this regard, the Legal Division endorses the legality of contracting strategies, drafts notifications, offers consultancy regarding the various aspects signaled by the divisions performing the public procurement contracts concluded by the Company;
6. IT, cyber-security and physical protection issues;
7. assistance in the relationship with stakeholders (shareholders, authorities), but also in the relationships that the Company has with regulatory/control authorities - the Territorial Labor Inspectorate, the Court of Accounts, the Environmental Protection Agency, etc. by formulating opinions, reviewing correspondence, assistance with control activities;
8. specific issues of nuclear law;
9. support for the management of the Company's assets/interests.

During 2021, the Legal Division has been actively involved in the activities regarding the establishment of two new subsidiaries - Fabrica de Prelucrare a Concentratelor de Uraniu – Feldioara S.R.L. and Nuclearelectrica Serv S.R.L.

Regarding the subsidiary Fabrica de Prelucrare a Concentratelor de Uraniu – Feldioara S.R.L. si Nuclearelectrica Serv S.R.L., the duties/responsibilities in relation to the incorporation of the SNN Feldioara subsidiary, as set forth in section 3 of Resolution No. 4/April 5, 2021 of the Extraordinary General Meeting of Shareholders of SNN, have been delegated through the resolution of the Board of Directors of SNN, to the Board of Directors of the subsidiary, including the formalities before the Offices of the Trade Register.

The Legal Division has taken a series of necessary steps in order to complete the transfer of assets, and in order to maintain the integrated nuclear cycle intended to ensure the necessary raw material for the Pitesti NFP Branch in the manufacture of nuclear fuel necessary for the operation of Units 1 and 2 of the Cernavoda NPP, respectively, through the purchase by SNN of some assets within the uranium concentrate processing line from the Feldioara Branch - Compania Nationala a Uraniului S.A. according to sale-purchase contract no. 330/March 18, 2021:

- completion of the Transaction notification operation to the Competition Council, with the issuance of Competition Council Decision Np. 75 /October 19, 2021 on no objection regarding the economic concentration operation achieved by SNN acquiring the sole direct control over the assets corresponding to the uranium concentrate processing line of the E Refinery - with the Feldioara Branch belonging to CNU;
- discussions with the regulatory authorities in order to obtain clarifications regarding the authorizations required for Feldioara;
- commencing the preparation of the documentation for obtaining the necessary authorizations, coordination with CNU on this topic;
- operationalization and provision of the resources required for the operation of the SNN Feldioara Branch;
- efforts in order to clarify the legal situation of the CNU lands, and their corresponding registration in the Real Estate registers.

Regarding the subsidiary Nuclearelectrica Serv S.R.L., the activity carried out by the Legal Division has mainly consisted in drafting corporate documents related thereto - the articles of incorporation and mandate contracts of directors and managers, in order to ensure consistency with equivalent documents within the company and compliance with good corporate governance practices, such as and obtaining the necessary corporate approvals at company level. The Legal Division has ensured the representation before the Offices of the Trade Register for the registration of the new subsidiaries. Regarding the major investment projects carried out by the Company, the Legal Division actively involves, through legal assistance activities in contract negotiation, legal advice in choosing the contracting strategies. Thus:

1. The Legal Division has actively been involved in the negotiations with China General Nuclear Power Group (CGN) in relation to reactors 3 and 4 at the Cernavoda NPP site, as well as in the termination of this cooperation by mutual agreement:

2. considering the Company's capacity of sponsor for the project of reactors 3 and 4 on the Cernavoda NPP site, the Legal Division has been actively cooperating with the specialists of EnergoNuclear S.A., the project company in all aspects regarding its development;
3. The Legal Division is actively involved in the negotiation of all contracts related to the refurbishment project of Unit 1 of Cernavoda NPP, as well as in the approval, in terms of legality, of the awarding documents;
4. The Legal Division has coordinated, with the support of external legal advisers, the preparation of the diagnostic-analysis (*due diligence*) which aimed for the sale-purchase contract of some assets within the uranium concentrate processing line, from the Feldioara Branch of CNU concluded by the company with Compania Nationala Uraniului S.A.;
5. The Legal Division monitors the fulfillment of the prerequisites in the sale-purchase contract of some assets referred to in pct. 4 above;
6. The Legal Division has provided legal advice regarding the Project of Small Modular Reactors (SMR);
7. The Legal Division is actively involved through legal advice in the implementation of the Tritium Removal Facility project at the Cernavoda NPP and the development project of the Interim Spent Fuel Storage Facility (DICA). The Legal Division provides legal advice on issues related to the operations of the Cernavoda NPP branches including on issues related to the performance of procurement contracts.

Furthermore, the Legal Division participates in the activity of different commissions regarding: internal managerial control commission, anti-corruption strategy of the company, conflict of interests, disciplinary investigation of employees, social program, sponsor assessment, elaboration of procedures related to different company activities, etc.

In the period 2020 - March 2022, the Company was involved in: 156 disputes in 2020, and 133 disputes in 2021, and as of March 31, 2022 the Company is a party in 104 disputes, most of which were disputes of civil law, administrative litigation, insolvency and labor law. The detailed situation of the main disputes may be found in the Annex to this Report.

Over the same timeframe, SNN **recovered from the disputes settled favorably for SNN the amount of RON 8,575,245. The value of the losses avoided in the disputes settled favorably was RON 4,308,000.**

We mention that this amount does not include the quantification of the loss avoided by SNN, as a result of winning the file where the plaintiff Greenpeace requested the cancellation of the Environmental Permit for Units 3-4, file the loss of which would have significantly impacted the strategic interest project of Units 3 and 4 of the Cernavoda NPP. Thus, SNN has invested in obtaining the environmental agreement for the project of Units 3 and 4 of Cernavoda NPP.

We mention that starting with 2018, the company was involved as plaintiff in a total number of 15 disputes against the Court of Accounts.

13 of the disputes concerned the annulment of the measures ruled by the Court of Accounts, and 2 disputes concerned the suspension of these measures.

In 6 files, the final annulment of the measures was obtained, and 2 files were settled unfavorably. 5 disputes against the Court of Accounts are pending settlement in the phase of second appeal.

XIV. CORPORATE GOVERNANCE

1. Internal Control System

As a result of the diversity of the activities carried out (manufacture of nuclear fuel, production of electricity and heat, from the operation of nuclear units, sale of energy, public procurement, stock exchange activity, etc.) **S.N. Nuclearelectrica S.A. has one of the most complex environments of internal control, with an organizational culture oriented towards continuous improvement, wishing to ensure supervision in all essential points.**

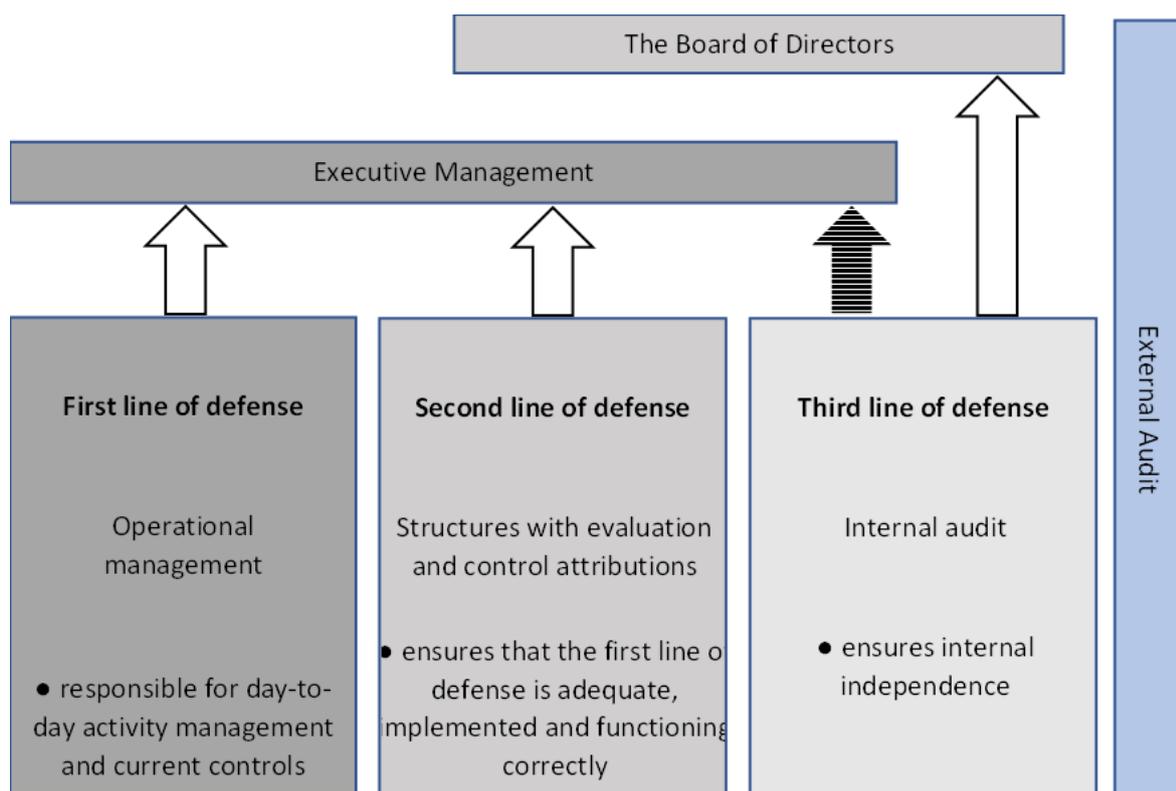
The management of SN Nuclearelectrica SA is directly involved in the implementation and continuous improvement of the internal management control system (SCIM), providing the organizational framework and allocating resources for the development of the SCIM, and the assimilation of good international practices in the field, respectively, as a foundation for systemic and transparent organization, the basis for achieving the goals in conditions of regularity, efficacy, effectiveness and efficiency.

The organizational model of SNN aims to ensure the legal requirements of segregation and independence of defense levels, with good practices and international internal controls standards defined by the COSO model being assimilated - Committee of Sponsoring Organization - Internal Controls Framework - focused on improving the quality of financial reporting by promoting business ethics, effective internal control, and corporate governance.

Thus, by implementing and applying internal control standards, the principles of corporate governance, as well as the actual bases for improving economic efficiency, implicitly the value of the company, and the investment climate, are ensured, increasing the level of transparency and trust for them in the benefit of all stakeholders, shareholders, business partners, employees.

Within S.N. Nuclearelectrica S.A., the internal managerial control system is adjusted to the specifics and sizes of the company, considering the particularities of the legal framework of organization and operation, as well as the internal managerial control standards, in correlation with the management systems implemented within SNN (Headquarters and branches), so as to provide the observance of all the applicable legal requirements, regulations and standards (OSGG No. 600/2018, Law No. 111/1996, CNCAN Regulations, etc.).

According to best practices and the requirements of OSGG No. 600/2018, SNN implements the model of "3 defense lines":



Where:

- the first line is represented by the operational management, responsible for the daily management of the activity and the current controls;
- the second line of defense is represented by the structures having assessment and control duties in ensuring that the first line of defense is adequate, implemented and operates correctly. These Departments have a certain degree of independence from the first line of defense, and may also intervene directly in the modification and development of the control systems, management and risk management systems;
- the third line of defense, the internal independent insurance - the internal audit - must offer the Board of Directors/the Audit Committee and the Executive Management with an independent and objective assurance on the operation of the internal control system and the risk management within the Company.

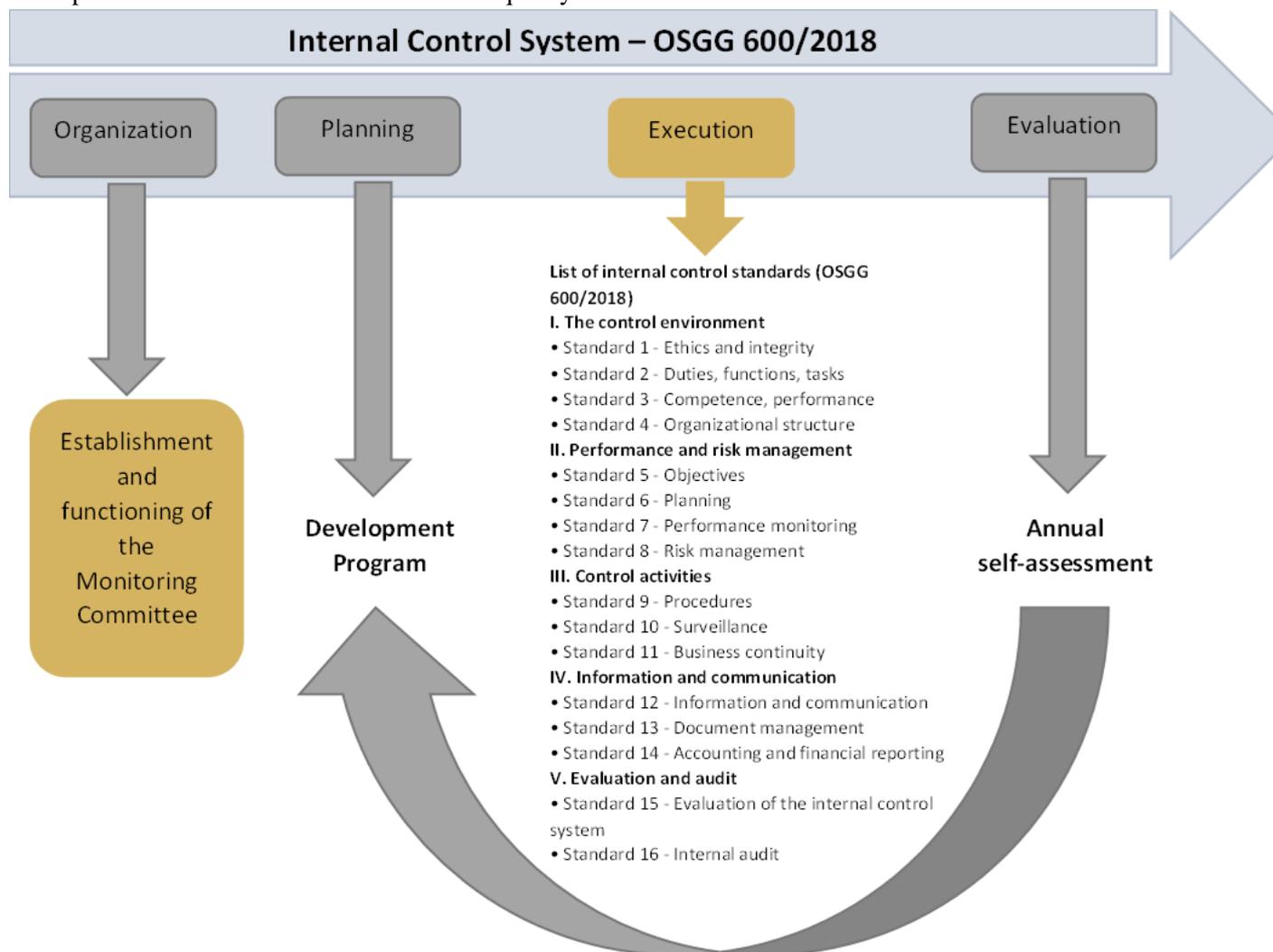
Therefore, within SN Nuclearelectrica SA, the compliance with the requirements of Order No. 600/2018 for the approval of the Code of internal/managerial control of public entities, is ensured, which stipulate that the establishment of the internal managerial control system falls within the responsibility of the management, the implementation and development of the internal managerial control system, the self-assessment operation thereof, as well as the elaboration/presentation of the report on the internal managerial control system for the manager of the entity.

In accordance with internal control standards promoted by the General Secretariat of the Government, and with the assimilation of the best practices and COSO international standards, within S.N. Nuclearelectrica S.A., the internal managerial control system operates with a diversity of procedures, means, actions, provisions concerning all aspects related to the activities of the entity. This set of elements is established and implemented by the management of the company, in order to allow it to have good control over the operation of the entity as a whole and is the instrument of internal

management control consisting of the following elements: goals, means, information system, organization, procedures, control.

Based on the information provided by the internal control, the management of the company consolidates the managerial decisions on the activity plan, the organization and coordination of the structures in the organizational chart of the company, establishing the responsibilities of the structures and the people involved in the activities of the entity.

Within SN Nuclearelectrica SA, the internal managerial control system, through the goals and procedures thereof, aims at: providing a good use of the resources (financial, human) and the correlation thereof with the goals of the entity; improvement of the information flow; risk management, fraud prevention and detection and document quality.



Within SNN, the establishment of the internal managerial control system is based on the internal control standards that are grouped into five components of the internal managerial control:

- Control environment - groups the matters related to organization, management of the human resources, ethics, deontology and integrity;
- Performance and risk management - addresses the management issues related to goal setting, planning (multi-annual planning), scheduling (management plan), performance (performance monitoring) and risk management;
- Control activities - refers to the elaboration of procedures, the continuity of running the processes

and activities, the segregation of the duties, supervision;

- Information and communication - this section groups matters related to the creation of a proper informational system and a system of reports on the implementation of the management plan, the budget, the use of resources and the management of documents;
- The assessment of the internal managerial control system and the internal audit - the issue targeted by this group of standards concerns the development of the assessment capacity of the internal managerial control, in order to provide the continuity of the improvement process thereof.

In order to monitor, coordinate and methodologically guide the implementation and development of the internal/managerial control system, the Chief Executive Officer of S.N. Nuclearelectrica S.A. ordered, by decision, the set up of the Monitoring Commission (CM-SCIM) with duties in the coordination of the process of elaboration of the general and specific goals, the procedural activities, the risk management process, the performance monitoring system, the status of the procedures and the monitoring and reporting system.

The Monitoring Commission has been permanently updated, according to the organizational changes, aiming that its composition ensures the representativeness of all entities within the organization, and covers the skills specific to the management, information and monitoring of the company's activities in order to achieve its objectives.

Thus, the Monitoring Commission of the Internal Managerial Control System is currently operational, coordinated by the Chief Executive Officer of SN Nuclearelectrica SA as chairperson, having duties and responsibilities aimed at:

1. Goals

- Coordinates the process of updating the general and specific goals, of the performance monitoring and reporting system, respectively informing the Chief Executive Officer.
- Analyzes the information, elaborated under the annual reports of the heads of the departments, on performance monitoring, for the approval thereof by the Chairperson of the Monitoring Commission and the forward thereof to the Chief Executive Officer of S.N. Nuclearelectrica S.A.

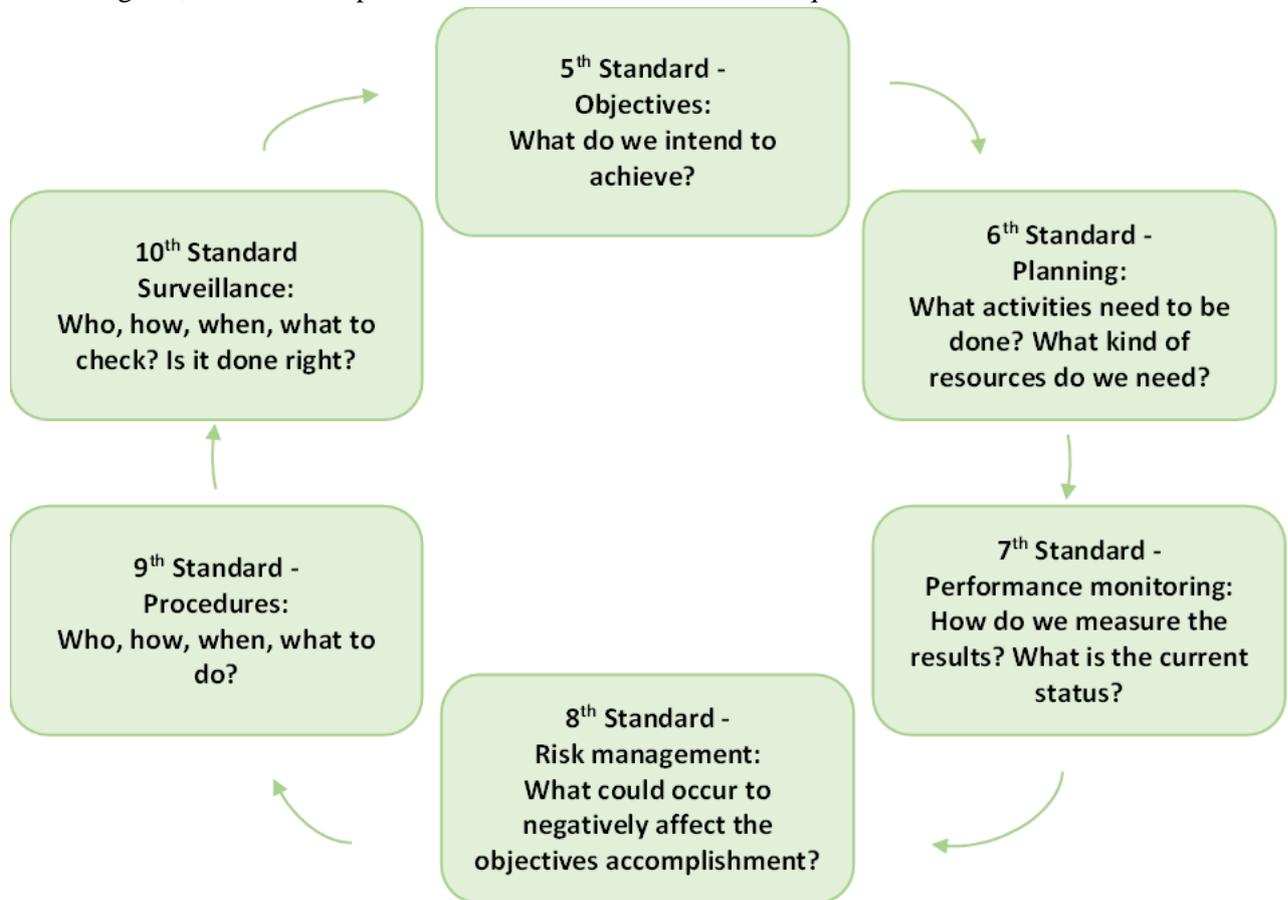
Periodically, the goal monitoring report is analyzed and submitted to the management, being elaborated in accordance with the legal provisions regarding the requirements of Standard 7 – Performance Monitoring from the Order of the Secretary-General of the Government No. 600/2018 for the approval of the ode of Internal Management Control, transposed within the internal procedures CM-00-01 - Organization and Operation Regulations of CM-SCIM and CM-00-03 - Setting and Monitoring Goals within SNN S.A., which stipulates:

- The heads of departments monitor the performance of the activities under coordination, by developing a system adapted to the size and specificity of the department's activity. The monitoring of the performance of the activities carried out within each department, in order to inform the management of the entity about the achievement of the goals proposed.
- The heads of departments ensure that at least one performance indicator is established for the goals set and the activities set out in the plan and/or carried out, with the help of which the achievements are monitored and reported. Based on the indicators established, the head of the department prepares a report on performance monitoring, on an annual basis, which may be included in a broader report, such as an activity report or other reporting document of the public entity.

Based on the periodical reports on the performance monitoring received from the departments, analyses

are carried out, and the report on performance monitoring at company level is drawn up.

The management of the entity orders the periodic assessment of performances, finds any deviations from the goals, and takes the preventive and corrective measures required.



Within SNN, as a result of applying and fulfilling the requirements of Standard 7, the Chief Executive Officer orders the performance monitoring for the objectives and/or activities of the departments, through quantitative and/or qualitative indicators, including on economy, efficiency and effectiveness.

Monitoring is the systematic measurement and appreciation of the progress and performance in achieving the goals undertaken, under transparent conditions, based on the principle of truth and the management at the first level of management taking responsibility for facilitating/collecting data and information, and the determination of positive or negative deviations from the targets set, respectively.

Within S.N. Nuclearelectrica S.A., the general objectives are closely correlated with the mission, vision and goals of the company, based on assumptions and premises in accordance with the provisions of the Articles of Incorporation, in keeping with the principles of economy, efficiency and effectiveness.

Considering the development stage that the company is undergoing, based on achievements, but also future projects, in 2021 it was proceeded to establish the mission, vision and values of Nuclearelectrica in terms that would embody the essence of the company, and that would guide from operational to strategic.

As a result of an extended consultation process at managerial, administrative and employee level, with Decision of the Board of Directors No. 77/April 17, 2021 the mission, vision and values of SNN have been approved:

In 2021, a multidirectional communication approach was launched with regard to the new strategic coordinates of SNN, the Performance Report was launched, containing a series of essential indicators to provide an overview of the company's evolution and the alignment with the goals set.

S.N. Nuclearelectrica S.A. has an internal/managerial control system the design and application whereof allows the management and, as applicable, the Board of Directors, to provide reasonable assurance that the resources allocated in order to meet the general and specific goals have been used legally, regularly, effectively, efficiently and economically.

2. Procedures

- Coordinates the process of updating the procedural activities and the status of the procedures.
- Coordinates the process of drafting documented procedures in order to regularly, economically, efficiently and effectively achieve the goals of the company.

3. Risks

- Coordinates the risk management process.
- Analyzes the risk management process based on the risk ratio and prioritizes the significant risks that may affect the achievement of the objectives of the public entity, by establishing the risk profile and the risk tolerance limit, annually, approved by the management of the entity.
- Analyzes the "Plan to implement control measures for significant risks at SNN level".

4. Implementing, developing and assessing the internal managerial control system

- Drafts the development Program of the internal managerial control system, referred to as the Development Program, being updated on a yearly basis.
- Ascertains the implementation and development status of the internal managerial control system within the company.

The implementation and development status of the internal managerial control system within the company, ascertained by the Monitoring Commission following the annual self-assessment action, is subject to the legal reports submitted to the competent Ministry.

According to the provisions of OSGG 600/2018, the risk management process is the responsibility of the chairperson of the Monitoring Commission, and, within SNN, considering the size, complexity and specific environment of nuclear activities, according to the Organization and Operation Regulations, the responsibilities related to risk management are carried out/fulfilled by the Risk Management Service, together with the risk officers and the SNN personnel; the risk management is conducted according to the provisions in the internal procedure Risk Management within S.N. Nuclearelectrica S.A.

As a result of the actions to achieve the goals undertaken under the management plan regarding the adequacy of the Internal Control System with emphasis on the control environment, the management attitude, and the management of the controls in place, based on the self-assessment carried out by taking on the managerial responsibility, it resulted that the internal/managerial control system within SN Nuclearelectrica SA is compliant with the standards contained in the Code of Internal/Managerial Control, with all 16 control standards being implemented.

Thus, according to the provisions of the Order of the Secretary-General of the Government No. 600/2018 on the approval of the Code of Internal Management Control, the internal/managerial control system of SN Nuclearelectrica SA is structured on the 5 components and 16 standards of internal

management control, with the situation being as follows:

Standard 1 - Ethics and integrity

- The codes of ethics and other documents setting out rules for ethic behavior in fulfilling job duties are elaborated, and the availability for all employees is ensured.
- New employees are trained on the provisions of the codes of conduct.
- Within the organization, policies, procedures, projects aimed at strengthening the principles of ethics and integrity, are in place, i.e.:
 - The procedure on granting and accepting benefits within SNN;
 - The procedure on granting sponsorships by SNN;
 - The policy on the anti-fraud activity within SNN;
 - Reporting on the annual integrity plan and self-assessment for the implementation of the National Anticorruption Strategy;
 - Reporting on the declaration of wealth and interests of the management staff (public statements on the SNN website);
 - SNN's anticorruption policy and the procedure for how to comply with the anticorruption policy;
 - ISO 37001 "Anti-Bribery" Standard.
- A system for monitoring the compliance with the rules of conduct is in place and operational:
 - With the Decision of the Chief Executive Officer of SNN, at the level of the Head Office and the branches, a responsible for ethical consultancy and a responsible for monitoring the compliance with the rules of conduct have been appointed.
 - At the level of SNN SA, an ethics committee is appointed;
 - Accountability of the hierarchical heads in monitoring the compliance with the rules of conduct for the subordinated personnel, by including some provisions in this regard in the Code of Conduct.

Standard 2 - Duties, functions, tasks

- The mission, vision and values of SNN are published on the company's website.
- The general duties and functions of the company were defined in the Organization and Operation Regulations, which are available for consultation and information to all employees on the company's intranet.
- The job descriptions of employees are elaborated, periodically updated and undertaken by the signature of the holders.
- The activities on the identification and management of sensitive functions are regulated within SNN through procedure.
- According to the applicable internal procedure, for the sensitive functions identified, the related risk areas were established, and the degree of sensitivity, as well as the related risk management solutions, have been assessed.

Standard 3 - Competence, performance

- The job descriptions are filled out with the skills and knowledge required to be held in order to fulfill the tasks/duties, as well as with the requirements for improving the professional training of the employee.
- The needs for professional development are identified, documented and sent to the responsible departments, at the level of each SNN subunit, with professional training programs being elaborated.

Standard 4 - Organizational structure

- According to the organizational chart and the organization and operation regulations, the

organizational structure ensures the operation of the information circuits and flows necessary for the supervision and performance of its own activities.

- Periodic analyzes regarding the adequacy of the organizational structure in relation to the goals and changes occurred inside and/or outside the organization are carried out. Following the analyzes, corrective or improvement actions are established for the activity.
- In order to carry out the delegations/subdelegations of power, the provisions of the Organization and Operation Regulations, the specific procedures and the permanent and specific delegation decisions are applied.

Standard 5 - Objectives

- The objectives specific to the SNN departments are set according with the provisions of the procedures in force.
- On a biannual basis, on the occasion of the monitoring action of the objectives through the performance indicators within SNN, the hypotheses/premises underlying the setting the objectives are reassessed.

Standard 6 - Planning

- Documents for the planning of adapted activities specific to departments are elaborated, i.e.: Document Adequacy Report, Annual/Monthly Production Programs, Investment Plan, Annual Operating Requirement, Annual Sectoral Procurement Program, Annual Audit Plan, Annual Assistance Plan, etc.
- When drawing up the planning documents specific to the departments, both the necessary resources (human, material, financial) and the legal/regulatory/company requirements are taken into account, the allocation of material and financial resources being done through the Company's Revenue and Expenditure Budget, and the Annual Sectoral Procurement Program, planning documents that are drawn up by taking into account the resource requirements identified and transmitted in the form of proposals by the SNN departments.

Standard 7 - Performance monitoring

- Within SNN, the system procedure with code CM-00-03 - "Setting and Monitoring Goals within SNN" for performance monitoring is in place, which sets out how to establish performance indicators associated to the specific goals and targets proposed, as well as how to monitor and report performance.
- According with the periodicity set, the performance assessment is carried out biannually, by filling in and submitting the form F/CM-00-03/4 "Status of achievement of specific goals" to the Technical Secretariat CM-SCIM.
- The information on the achieved level of performance indicators at the end of each reporting period is centralized by the Technical Secretariat CM-SCIM and put to best use by drawing up the Reports on the monitoring of goals and activities through performance indicators within SNN.
- In case of finding deviations from the achievement of the targets, causes for non-fulfillment and improvement measures are documented.

Standard 8 - Risk management

- According with the provisions of procedure MR-00-01 rev.3 "Risk management within SNN SA", the risks associated with the goals and activities within the departments, are identified and assessed, and are being recorded in the risk register.
- The risk sheets elaborated include measures for the management of the risks identified.
- The Risk Management Service - Head Office prepares on a quarterly basis and submits to the CM-SCIM the "Risk Management Report", which includes the reassessment and prioritization of risks,

the monitoring of actions and measures to deal with significant risks.

Standard 9 - Procedures

- Documented procedures are drafted, the inventorying of the procedural activities and the update of the procedures representing permanent activities, and being a continuous process involving every functional structure within SNN.

Standard 10 - Supervision

- Within the operational procedures, under the chapter "Responsibilities", the responsibilities and authorities for monitoring and supervising the activities falling under the direct responsibility of the heads of departments are established.
- At department level, the risk sheets elaborated include measures for the management of the risks identified.

Standard 11 - Business continuity

- Measures have been established within SNN and implicitly within the departments, for the management of possible situations generating business interruptions, i.e.:
 - periodic trainings on fire prevention and extinction (PSI), floods, snowfalls, calamities, periodic trainings on occupational safety and health (OSH);
 - IT measures to protect data and communications;
 - delegation of responsibilities in case of temporary absences, according to job descriptions; teleworking, etc.
- The measures proposed in response to emergency situations are brought to the knowledge of employees by:
 - participation in simulations and exercises for emergency situations (e.g.: drills for building evacuation in case of fire);
 - internal (e-mail) and hierarchical communication;
 - controlled dissemination of related procedures and availability for their consultation on the company's intranet.

Standard 12 - Information and communication

- Procedure RC-00-08 - "Procedure for establishing the *internal communication flow SNN-branches*" is in place within SNN, which aims to establish an internal communication flow between SNN and the branches. Specifically, at department level, the communication flow is established by process sheets, procedures and specific instructions, applicable to the activities carried out within each department.
- The process sheets, procedures and work instructions elaborated identify the information necessary to carry out the regulated processes/activities, as well as their format and circuit, so that the management and operating personnel can fulfill their job tasks.
- External communication, in view of correctly and promptly informing the media and the population, is regulated by procedure RC-00-10 - "SNN procedure in the field of external communication directly or through the media". A method for submitting documents in electronic format is established with CNCAN through the DAURI platform.
- The actual communication, depending on the situation and needs, is carried out:
 - verbally/over the phone;
 - by means of meetings and tele/video conferences;
 - via e-mail, intranet;
 - correspondence, letters, notifications, decisions, communications.

Standard 13 - Document management

- Within SNN, specific procedures are in place, setting out the responsibilities and methods applied for the establishment, record keeping, archiving, storage, inventory and selection of documents that must be kept for a longer period of time.
- The legal regulations in force on the handling and storage of classified information are subject to training for the SNN personnel on an annual basis, and the personnel is tested on the knowledge of these regulations.

Standard 14 - Accounting and financial reporting

- The financial-accounting departments identify the activities which may be laid down under a procedure, and all of these are internally regulated by specific procedures, which comply with the minimum requirements of Standard 9 of OSGG 600/2018.
- The degree of adequacy of the procedures in the financial-accounting area is checked on a regular basis.
- Under the chapter "Working Method" of the procedures, control instruments regarding the correct application of accounting policies, standards and procedures, as well as of the normative provisions applicable to the financial-accounting area, are established.
- The risk register includes internal control/monitoring instruments/mechanisms put in place for the management of the inherent risks identified within the departments, so that there is a reasonable assurance regarding the adequate application of the internal regulations and the applicable legislation in the financial-accounting area. Furthermore, there are independent evaluations of the specific internal control system (actions of internal/external public audit, financial management control, statutory audit).

Standard 15 - Evaluation of the internal/management control system

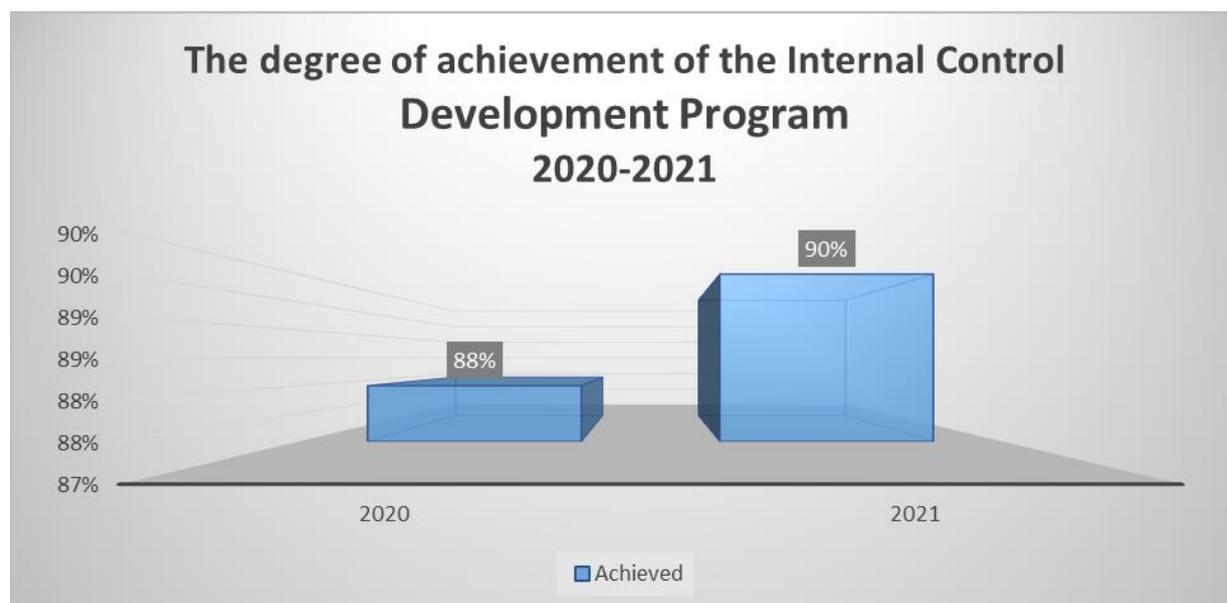
- All departments have performed the operation of self-assessment of the internal control management system in the period 2019-2021, actions materialized by filling in the self-assessment questionnaire, with the head of the department assuming the reality of the data, information and findings recorded therein, based on the principle of truth and managerial responsibility.

Standard 16 - Internal audit

- The standard is only applicable within the Internal Audit Department, and has been reported as "IMPLEMENTED" in the self-assessment operations related to the financial years 2019-2021.
- The sizing of the internal audit department meets the needs of the company, and the requirements of the Audit Committee/management of SNN, and the efficient internal organization leads to the achievement of the goals, according to the internal public audit legislation.
- The internal audit program for the period 2019-2021 was achieved in a proportion of 100 %, with the internal resource of the department.
- The Internal Audit Department prepares regular reports to the Audit Committee, the Ministry of Economy, Energy and Business Environment, and the Court of Accounts. Each audit mission ends with a report, that is also endorsed by the Chief Executive Officer of SNN.

Furthermore, in order to strengthen the internal control management system, the Monitoring Committee elaborates the Program for the development of the internal control management system, where the goals of SNN in the area of internal management control are included, with activities, persons responsible and deadlines, as well as other relevant elements in the implementation and development of the internal management control system being set for each control standard.

The evolution of the degree of implementation of the Program for the development of the internal control management system for the period 2020-2021 is as follows:



With regard to the characteristics of the internal control/ managerial system specific to S.N. Nuclearelectrica S.A., in the annual report on the internal control managerial system as of December 31, 2021 (drawn up according to the Art. 4 par. (3) of Government Ordinance No. 119/1999 on the internal/managerial control and the preventive financial control (republished), as further amended and supplemented, and in accordance with the Instructions enclosed to Order No. 600/2018, the Chief Executive Officer of SNN states that the result of the self-assessment *“is based on a realistic, accurate, complete and reliable assessment of the internal/ managerial control system, formulated in virtue of the self-assessment thereof based on the principle of truth and management responsibility undertaking. The internal control/managerial system comprises control mechanisms, and the application of the measures aiming at the increase of the effectiveness thereof is based on the assessment of the risks”*, with the following aspects being recorded:

- The Internal Control/Managerial System Monitoring Commission is operational.
- The program for the development of the internal control managerial system is updated on an annual basis and whenever necessary, being implemented in a proportion of 90 %.
- The risk management process is organized and monitored.
- Documented procedures are drafted, the inventorying of the procedural activities and the update of the procedures represent permanent activities, being a continuous process involving every functional structure within SNN.
- The performance monitoring system is established and assessed for the objectives and activities of the entity, by performance indicators.

Thus, in line with the goal set out in the Management Plan on the development and adequacy of the Internal Control System, with focus on the control environment, S.N. Nuclearelectrica S.A. has an internal/managerial control system the design and application whereof allows the management and, the Board of Directors, to provide reasonable assurance that the resources allocated in order to meet the general and specific goals have been used legally, regularly, effectively, efficiently and economically.

2.2. Risk Management

Policies, Risk Management and the Results Obtained

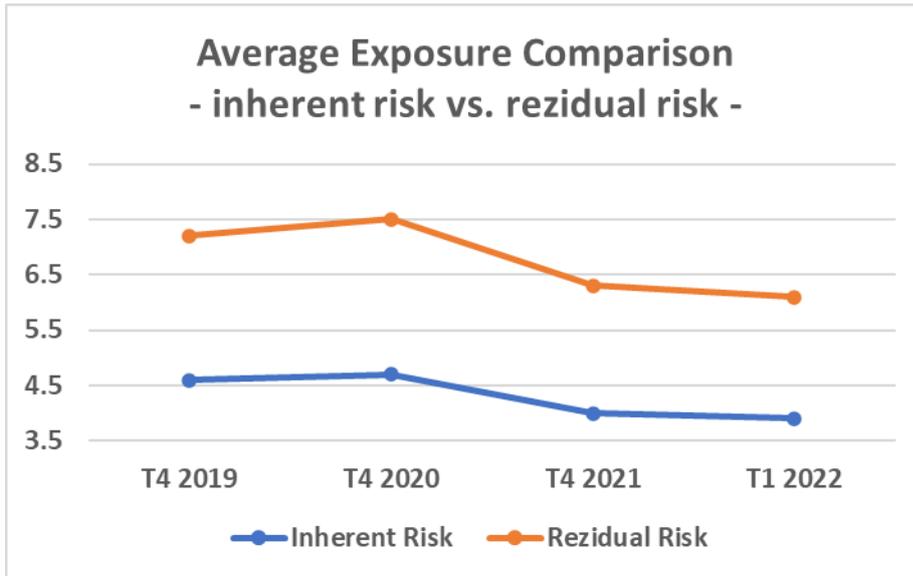
SNN is providing the methodical and methodological organization of the risk management function across the entire organization, as an integral part of the nuclear safety culture, but also in order to achieve the operating goals proposed under conditions of safety and economic efficiency.

Risk assessment within SNN is done periodically (quarterly), according to procedure MR-00-01 - Risk management within S.N. Nuclearelectrica S.A., and the results are presented in the Risk management report, focusing on the main risks the Company faces.

The main categories of risks which are presented on a quarterly basis in the risk management report are:

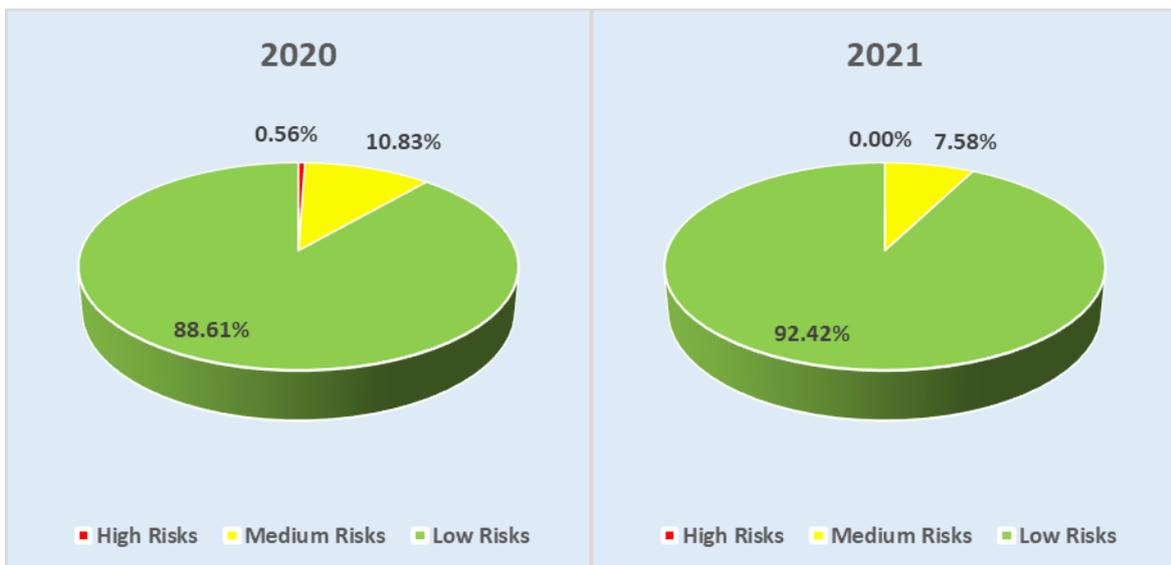
- risks related to nuclear safety;
- risks of information security, control of guarantees and physical protection (protection of nuclear material and radioactive materials);
- compliance risks, divided into 3 subcategories, namely fraud risks, compliance risks (ethics, integrity, conflict of interests) and other compliance risks regarding the compliance with the external (for example: laws, ordinances, norms) and the internal regulatory framework (for example: internal policies, processes, procedures).

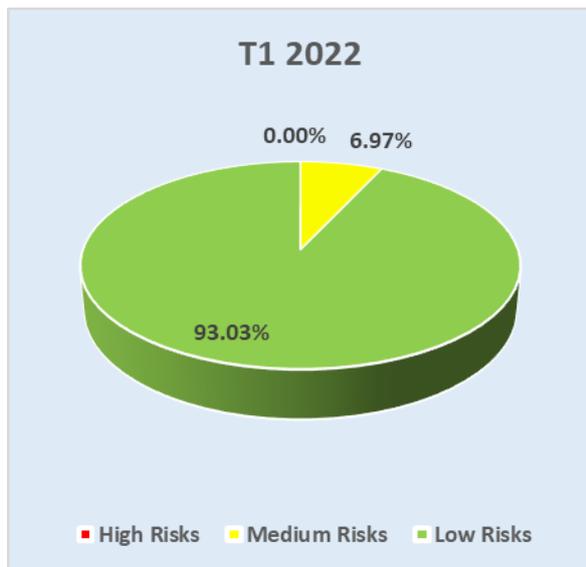
The risk management function periodically incorporates and analyzes the risks identified and assessed by the structures in the Branches and the Head Office. The sustained efforts to implement the risk management culture across the entire company, the intensification of specialized consultancy for departmental risk officers, the organization of trainings on risk management topics, have led to the development of the skills of the persons responsible for the correct application of the risk management methodology. The result of the actions taken is highlighted by the evolution of the risk components, i.e., in the case of average exposure, a decreasing tendency for both inherent and residual risks may be observed, as well as a significant decrease in the average residual exposure, which proves that the risks identified have been carefully assessed and monitored, and the actions to reduce them have been efficient and effective. Thus, SNN managed to achieve the goals and economic and financial indicators, with unprecedented results over the last years.



The same trend is observed in the pie-chart representations that illustrate the weight of small, medium and large risks. In recent years, high risks have been almost non-existent in total risks, and the largest share is that of low risks, which shows that the risk management process is effective, and the permanent monitoring of control actions and tools, lead to the continuous improvement of results and to preventing the occurrence of significant risks. The risk tolerance limit of SNN, expressed as risk exposure, is 14, the risks with a lower score being considered tolerable, and those above this score being considered intolerable.

The exceptional results of the risk management function are echoed in the achievement of the company's objectives and the fulfillment of the economic-financial indicators of the management, the implementation and monitoring of the strategic investments, and also in the efficient management of resources.

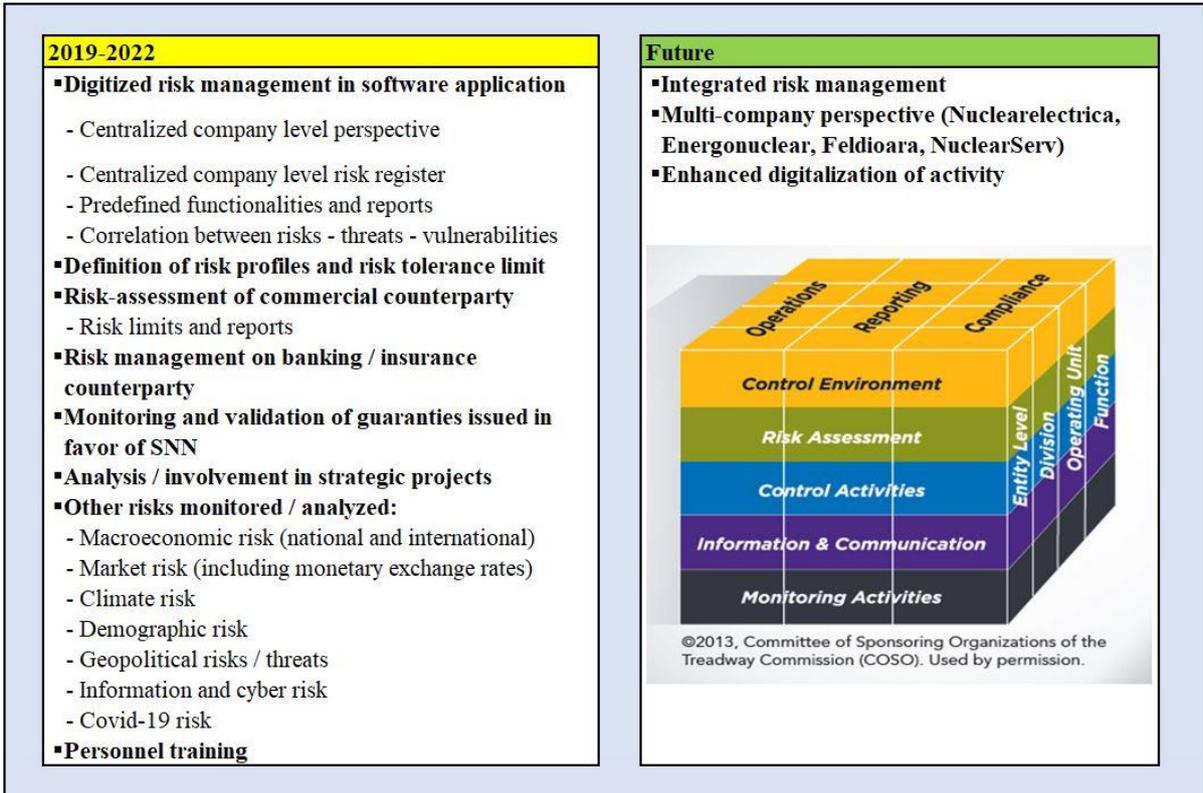




In order to achieve the goal of developing and improving the risk reporting, control and management capabilities, the RMS has implemented a series of continuous actions/measures intended to improve the risk management framework, of which we include:

- Reducing the times for reporting risk information (risk management) and defining related performance indicators (KPI). Thus, if in the first years of activity of the risk management function, the reporting was done in 2-3 months from the analyzed period, currently the reporting takes place in approximately 20 days from the end of the analyzed quarter.
- Periodic review of counterparty risk for all counterparties that commercial contracts are concluded with on the CM-OTC market and not only.
- Automation/digitization of risk management processes by developing apps for risk information circulation management (ARM). The ARM app addresses the entire risk management process: viewing, adding, changing/updating, returning, deleting and validating risks, allows a perspective of the evolution in time of risks, monitoring the actions associated thereto, and the generation of reports of interest for the company's management.
- Increasing the skill level of the Company's personnel in terms of risk management both through the participation in training courses, and through conducting with the internal resources qualification/training sessions for the personnel of the SNN Executive, Cernavoda NPP and Pitesti NPP.
- Revision and/or recalibration/periodic adjustment of risk management tools (e.g. internal procedures, algorithms and models, assessment scales, risk profile, risk tolerance limit, operational and informational flows).

Stages for the development of the management function within SNN SA:



The risk management strategy adopted at SNN level takes into account the economic-financial objectives undertaken by the management under the Management Plan, the realities of the social and economic environment, as well as future technical-scientific evolutions. A defining element in order to streamline risk monitoring at the level of a growing company is the digitization process. The development and implementation of software applications that support, improve and streamline the risk management process at SNN level is a permanent concern of the current managers. Furthermore, investments in human resources, the specialized courses organized by the risk management function for the employees of the entire company, lead to the consolidation and development of a Security culture, based on the identification, evaluation and monitoring of risks.

During 2021, through the specific structure (RMS), the development of the risk management culture continued with the organization, through the dissemination of the notions of risk, both to risk owners and other employees of the company.

The intention is to further improve the risk management framework, including the specific internal regulatory framework, for the development/improvement of the risk reporting, control and integrated management capabilities, considering the following measures/actions:

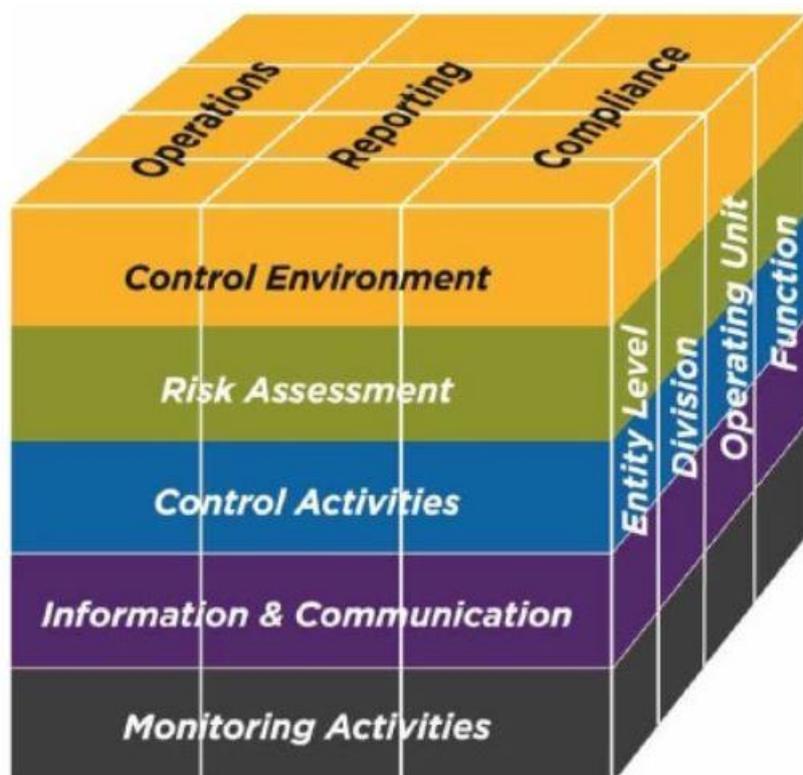
- Increasing the integration/correlation of the corporate risk management processes and mechanisms (other than the operating ones addressed by regulations, standards and practices of the nuclear industry) with the risk management processes and mechanisms related to the operating activities of the nuclear power plant, in order to provide a proper addressing of the risks that the organization is exposed to.
- Reviewing, improving and/or developing (as appropriate) the corporate risk management processes and tools, as well as periodically reviewing and/or recalibrating/adjusting risk management tools (e.g. internal procedures, algorithms and models, assessment, risk profile, risk tolerance limit, operational and information flows).
- Continuing the automation/digitization of risk management processes by improving the risk information circulation management (ARMA) app, and the development of others apps (for example: management of the guaranties issued in favor of SNN).

- Improvement of the information flows of information circulation on the risks within the organization, both in order to better manage them at the locations where there is exposure, and to better apply the principle of informed decision-making from a risk perspective (RIDM - Risk -Informed Decision Making).

During the 1st quarter of 2022, SMR continued the activity of training the Company's employees and successfully delivered the following courses:

TRAINING/WORKSHOP NAME	NO. PARTICIPANTS	TIMETABLE
THEORETICAL AND APPLIED NOTIONS OF RISK MANAGEMENT	287	FEBRUARY - MARCH 2022
GDPR	392	FEBRUARY - MARCH 2022

Furthermore, the complex digitization activity of the Company's processes was continued, by developing the AGNI app for the management of guarantee instruments issued in favor of SNN, with the detailed description by SMR of the desired functionalities and their development by DTI, some modules being already launched for testing by the SMR staff.



3. Financial Control

Within S.N. Nuclearelectrica S.A., financial control is part of the second line of defense of the internal control system, is organized in compliance with the legal regulations and consists in:

I. **Own preventive control** in the two forms

- a. **preventive financial control** - organized in compliance with:
 - i. Accounting Law No. 82/1991, as further amended and supplemented;
 - ii. Government Ordinance No. 119/1999, republished, as further amended and supplemented, regarding the internal control and the preventive financial control;
 - iii. Order No. 923/2014 for the approval of the General Methodological Norms on the exercise of preventive financial control and the specific Code of Professional Norms for persons carrying out the activity of own preventive financial control, republished, as further amended and supplemented;
 - iv. OMFP [*Order of the Minister of Public Finances*] No. 555/May 7, 2021 updating the Methodological Norms on the exercise of preventive financial control.

- b. **ex-ante control/control of the REB draft** - which consists in checking the substantiation of the revenue and expenditure budgets, and the annexes thereto, in order to grant the endorsement of preventive control for the draft revenue and expenditure budget of SNN, and of the draft revenue and expenditure budgets of the subunits in its structure.

II. **Operative control**, which consists of:

- checking certain economic and financial activities or operations carried out during the current financial year;
- comparing the actual performance with the established standards of the company, to make sure the activities are carried out in line with the forecasts;
- checking the compliance with the legal provisions in the implementation of the revenue and expenditure budget of SNN and of the subunits in its structure;
- elaborating economic and financial analyses for the management of SNN, in order to substantiate decisions and improve performances.

III. **Ex-post control**

1. **Subsequent financial management control (post-factum)** for:

- ensuring the integrity of the patrimony as a monetary expression of the economic means with the financing sources thereof, as well as the financial results of the economic activity;
- increasing the efficiency in using the resources allocated, and strengthening the budgetary and economic-financial discipline.

2. **Internal Control Guidance, Optimization Activities**, which are aimed at:

- Analyzing the way in which the company's processes are managed, observing the principles and standards of internal control, their efficiency and effectiveness;
- Establishing the actions for optimizing such processes, in order to improve their efficiency and effectiveness from an economic point of view.

The organization of the financial management control within S.N. Nuclearelectrica S.A. is based on the need for an efficient control system at company level, ensuring the integrity of the patrimony, as well as of the goods in the public and private sector of the State and the administrative and territorial units under their administration, concession or lease; reinforcement of the budgetary and economic-financial discipline; observance of the legal provisions applicable to the activity, of the internal regulations and decisions; increase of the efficiency in the use of the resources allocated.

Financial Management Control within S.N. Nuclearelectrica S.A. is organized and exercised in accordance with the provisions of O.U.G. No. 94/2011 on the organization and operation of the economic-financial inspection, approved by Law No. 107/2012 and H.G. No. 1151/2012 for the approval of the Methodological Guidelines on the manner of organization and exercise of the financial management control, covering all the structures in the organizational chart of the company.

Financial Management Control is organized for:

- Providing the assurance that the company's business requirements are met;
- Discovering the areas where the compliance with the legal requirements in force is not ensured;
- Discovering the areas where the company's policy and procedures are not followed and observed;
- Delivering relevant and timely analysis, as the basis for the management decision;
- Preventing and discovering damages or frauds

Financial Management Control is an economic tool subscribing to the goals undertaken under the management plan on the consolidation of the internal control system and serves the interests of SNN by:

- actions of prevention and/or detection of dysfunction situations;
- verification actions, namely granting the preventive control approval for the Revenue and Expenditure Budget draft of the company and/or of the subunits within its structure.

The development and improvement of the financial management control enhances the quality, performance and responsibility of the financial management in the process of use of the resources of the entity.

The goals of financial management control are:

- Providing the integrity of the patrimony as a monetary expression of the economic means with the financing sources thereof, as well as the financial results of the economic activity;
- Increasing the efficiency of use of the allocated resources by verifying the legality, regularity and compliance of the operations, identifying the weaknesses of the internal control system having generated errors or having allowed the occurrence of fraud, improper or fraudulent management;
- Reinforcement of the budgetary and economic-financial discipline;
- Compliance with the legal provisions, regulations and internal decisions.

The purpose of the financial management control is to inform the Board of Directors of S.N. Nuclearelectrica S.A. and to communicate to the Chief Executive Officer the performance- related information, as well as information on:

- the performance of the operations in an orderly, ethical, economic and efficient manner;
- the fulfillment of the responsibility obligations; compliance with the applicable laws and internal regulations;

- the protection of the resources against loss, abuse and damages;
- the consolidation of the internal control system, in order to efficiently prevent irregularities and for the recovery of the loss caused by irregularities or fraud.

Within S.N. Nuclearelectrica S.A., the organization of the financial management control complies with the segregation principles, the Financial and Managerial Control Department (DCFM) being in charge of performing the financial management control (CFG) in all SN Nuclearelectrica SA subunits, and having operational independence by direct subordination to the Chief Executive Officer.

According to the legal provisions, the Board of Directors was informed on the implementation and results of the financial administration control, on a quarterly basis, or whenever necessary.

Within SNN, the administration financial inspection is performed based on the annual activity schedule, based on its own specific procedures, issued according to the legal provisions applicable to the activity - O.U.G. No. 94/2011 on the organization and operation of economic-financial inspection, approved by Law No. 107/2012 and H.G. No. 1151/2012 for approving the Methodological norms regarding the manner of organizing and exercising administration financial inspection and by assimilating the best practices in the field.

In the period 2020 - Q 1 of 2022, the specific goals of the financial and management control activity have been reached, all 44 actions set out in the activity program approved have been carried out, and 10 unexpected/thematic control actions have also been performed, which were ordered by the Chief Executive Officer, outside the activity program, operative actions of guidance and optimization of the internal control activities, based on the legal duties of elaborating economic-financial analyses for the management, in order to substantiate decisions and improve performance, and in compliance with internal regulations on the guidance and optimization of internal control activities, serving the management and the interests of SNN by preventing or detecting situations of dysfunction, for the purpose of the assimilation of good practices and implementation of streamlining actions.

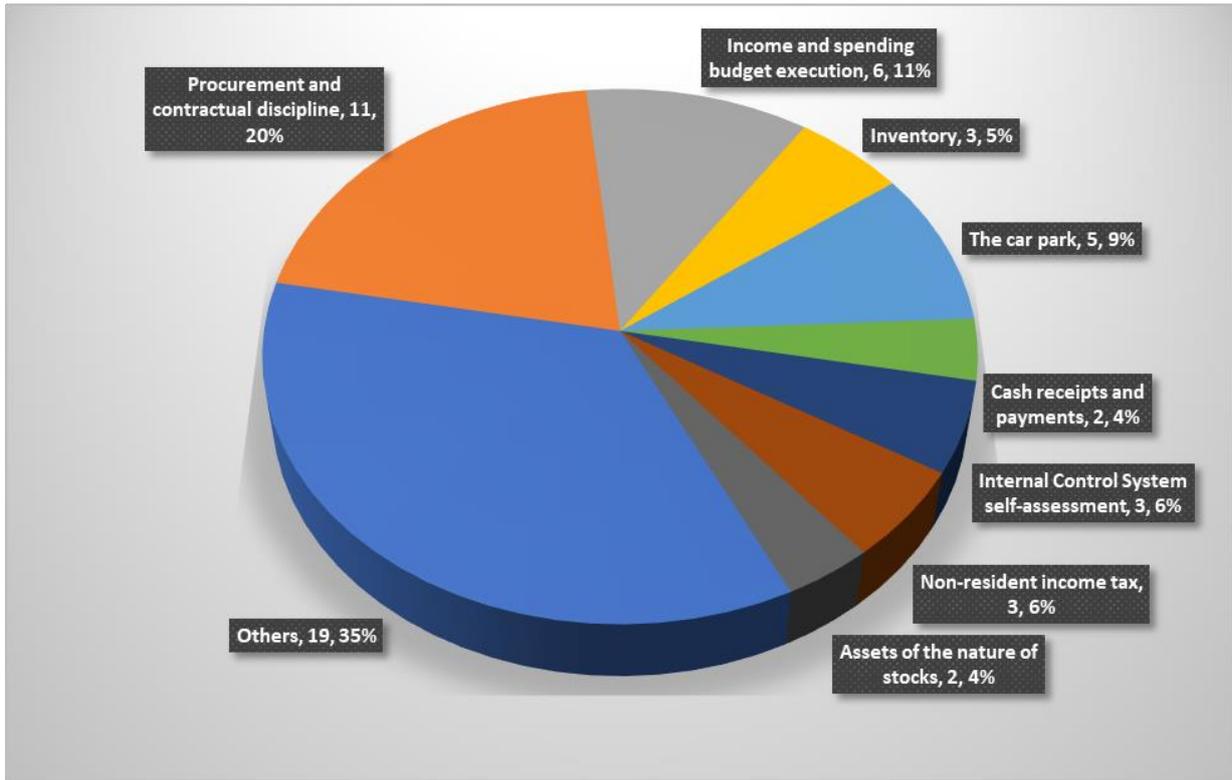
In summary, the control activities envisaged the following general goals:

- Compliance with the legal provisions in the execution of the Revenue and Expenditure Budget; the accuracy and reality of the reports made; monitoring the current execution of the REB at subunit level and, analytically, at the level of the organizational structure.
- Manner of acknowledgment of the services provided by third parties; reality, necessity and usefulness of the expenses incurred.
- Monitoring the implementation of the measures set following the financial management control, the reality and accuracy of the reports on the implementation of the measures approved by the inspection reports drafted by DCFM, verification of the compliance with the deadlines set.
- The manner in which the procedures regarding the actions taken to determine the damage following an appeal filed with the CNSC or the court of law are carried out..
- Checking the quality and reliability of the information reported by the departments in the self-assessment operation of the SCIM.
- Checking the settlement method of the repairs made within the personal fleet of the NPP Branch.
- The tax on the revenues obtained by non-residents; supporting documents, calculation method and compliance with the bank transfer deadlines.
- Compliance with the legal provisions and the internal regulations on receipts and payments in RON and foreign currency with cash through the cashier's office: verification of the manner in which cash payments are made (professional trips, small purchases); verification of the preparation and use of supporting documents for cash payments in RON and foreign currency; verification of the manner in which the accounting records on the payments and cash receipts (in RON and in foreign currency) are conducted.

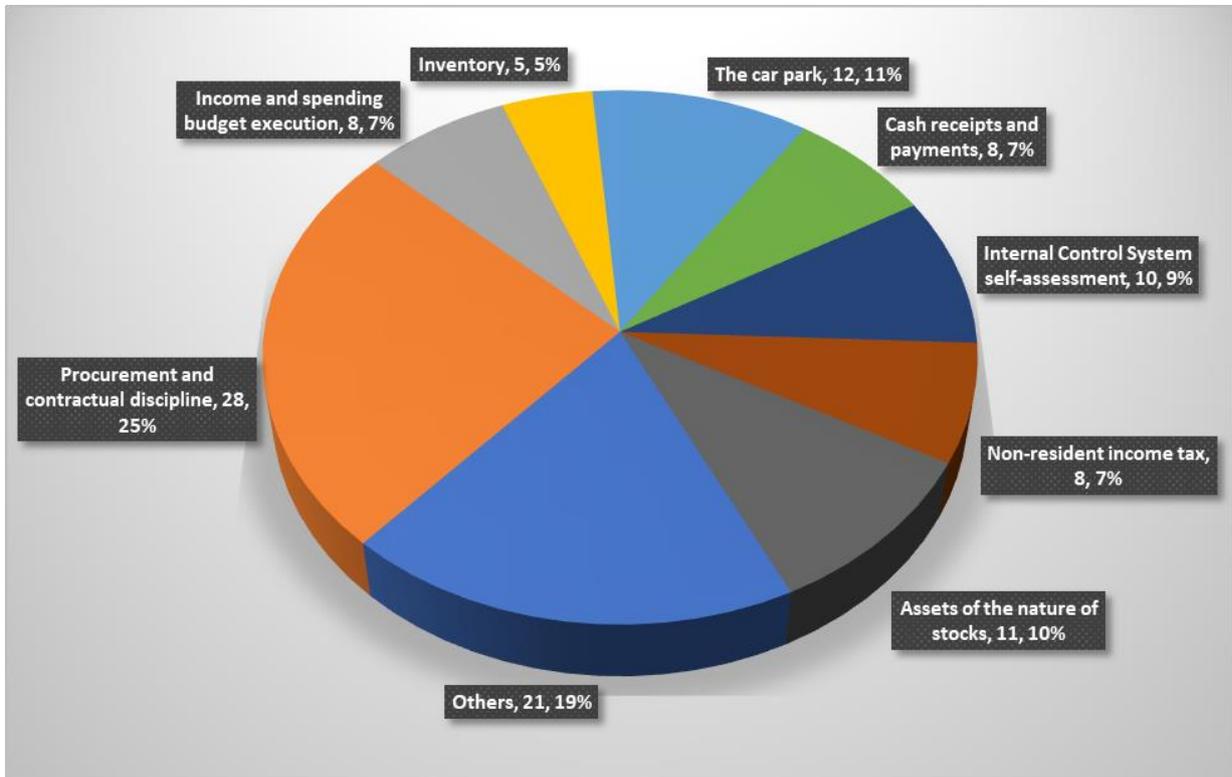
- The manner of acknowledgment of the current assets and fixed assets of inventory nature, including spare parts, from the category of tangible assets; the manner of compliance with the legal regulations and internal regulations on the receipt, keeping, preservation and use of the current assets of inventory nature, including spare parts, from the category of tangible assets.
- The accounting and tax treatment of the means of transport in its own vehicle fleet.
- Obtaining revenues from sold production, budgeted for 2018 at the level of the Cernavoda NPP Branch.
- Compliance with the legal provisions and the internal regulations in performing purchases; checking how contractual discipline is observed in the procurement activity
- Complying with the legal provisions and internal regulations regarding the manner of obtaining and capitalizing the results of the annual inventory of assets, debts and equity
- Complying with the legal provisions and internal regulations on the acknowledgment of fixed assets, determining their book value and expenses with amortization and losses from their depreciation.
- Compliance with the legal provisions and the internal regulations on receipts and payments in RON and foreign currency with cash through the cashier's office: verification of the manner in which cash payments are made (professional trips, small purchases); verification of the preparation and use of supporting documents for cash payments in RON and foreign currency; verification of the manner in which the accounting records on the payments and cash receipts (in RON and in foreign currency) are conducted.
- Analysis, monitoring and reflection of the costs corresponding to the maintenance activities of machinery/equipment/technological plants.

Furthermore, checks have been carried out in order to issue the preventive control opinion on the compliance with the legal provisions in substantiating the draft revenue and expenditure budget of SN Nuclearelectrica SA and, starting with 2021, the budgets of some subsidiaries over which SNN S.A. manifests significant control of decisions and operations.

Based on the checks conducted in the period 2020 - Q1 of 2022, 54 actions have been carried out, as follows:



Under the control reports, 111 corrective measures, deadlines and resolution responsibilities have been established, structured as follows:



With the implementation of the remedial measures and actions set under the control acts, the goal

undertaken under the Management Plan regarding the adequacy of the Internal Control System with focus on the control environment, the management attitude and the management of the implemented controls was achieved, progress was made on the preventive side, as well as traceable optimizations of the activities or processes that were the scope of the verifications, analyses were provided, which constituted support in substantiating management decisions and improving performance, proposals have been made in order to strengthen the internal control system, so as to ensure, efficiently, the prevention of irregularities, the execution of operations in an orderly, ethical, economic and efficient manner, with the protection of resources against losses, in line with the budgetary provisions, the principles of financial management, transparency, economy, efficiency and effectiveness.

4. Compliance

In order to promote and strengthen integrity in conducting its activities, Nuclearelectrica has developed a compliance program comprising policies and principles intended to encourage and facilitate the activity of prevention, detection and fight against acts of corruption, in order to achieve the goals set under the Management Plan for 2018-2022.

The company's **procedures, rules and standards** provide guidance for the personnel in implementing the anti-corruption system, they help the employees to adhere to company policies, to make the right decisions and to prevent the violation of laws and rules. Thus, SNN initiated and continued the process of optimizing the internal procedural framework regarding compliance, prevention and integrity warnings. This has materialized in the elaboration of specific prevention and control policies, procedures and mechanisms.

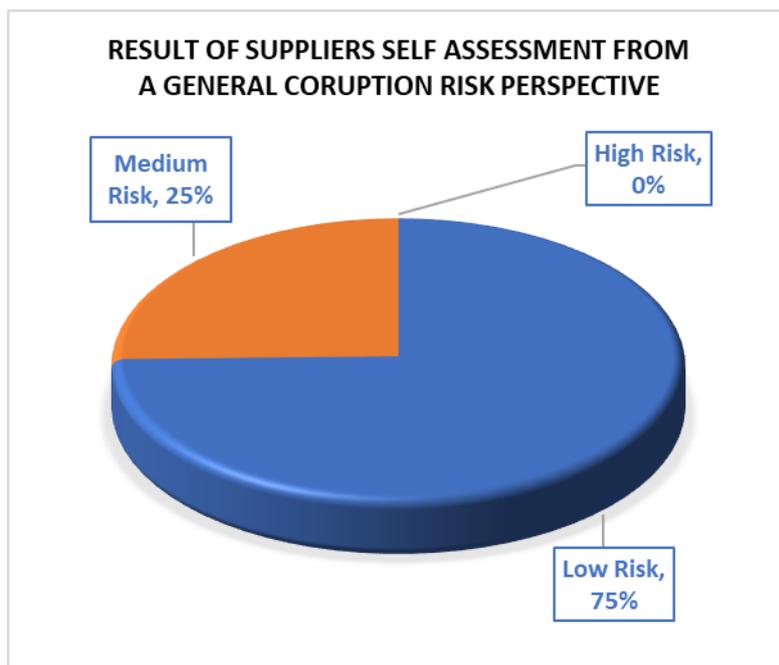
The **anticorruption policy** encourages and facilitates the activity of preventing and combating corruption acts, establishing anticorruption principles for all employees, as well as business partners. The **manner of complying with the anticorruption policy** was defined under a procedure which regulates the field and structure of the compliance function, established in order to ensure the compliance with the principles set in the anticorruption policy.

In 2020, **financial and non-financial anticorruption controls were implemented**, establishing thereby relevant controls for the prevention and detection of corruption risks, in order to strengthen the internal control system. The company provides internal control mechanisms and methods for identifying breaches for compliance assessment purposes, with reference to the principles and rule of ethics and integrity.

The granting of sponsorships by SNN is subject to a procedure, which sets the manner of awarding and processing this type of actions, according to the applicable legislation. In order to mitigate the compliance and reputational risks, the Compliance Office participates in the meetings of the Sponsorship Assessment and Selection Committee.

The assessment of business partners from the perspective of the risks associated to the anticorruption compliance system includes a process seeking to minimize the risks associated with the anti-bribery management system implemented by business partners.

In this regard, SNN suppliers with a value of purchase contracts higher than RON 135,000, and clients with negotiated contracts **are assessed from the point of view of the general corruption risk**. The Compliance Office has provided the business partners, classified under the medium risk category, with excerpts from the compliance policies of SNN, in order to be taken into account by the management and the employees involved in the negotiation/implementation of contracts.



We protect the interests of our clients and of the company through a careful selection of our suppliers and partners. We consider that abidance by the compliance standards is a particularly significant factor in promoting our business relationships and we insist, including through **contractual clauses**, that our partners comply with the rules and regulations in force.

Conflict interest management is very important for protection against reputational damage and undermining the public's trust in the integrity of the company. In this regard, the Internal Regulations stipulate that all employees declare potential conflicts of interests by filling in statements to that effect. In 2021, the conflict of interest **management process was digitized** by developing, with internal resources, an app allowing for the online submission of the statements laid down in the Internal Regulations.

Offering or receiving benefits/gifts is possible within the limits of the legislation and internal regulations whereby rules/prohibitions are set, and guidelines are provided, with the aim of protecting the company from ethical deviations and any other aspects of non-compliance related to the acceptance and offering of benefits. The gifts or benefits received by the SNN staff, falling under the provisions of the specific procedure, are assessed and recorded.

The SNN personnel are encouraged to report in good faith known, potential or suspected breaches or misconduct, without fear of retaliation. When in doubt about whether an issue should be reported or not, employees may request clarifications from the ethics advisor or the compliance representative.

The risk management process is a continuous and cyclical process integrated in the management system of SNN. Risks are analyzed and assessed on a quarterly basis, with a focus on aspects related to the circumstances, the emergence of new risks, changes in impact or probability, the stage of implementation and the effectiveness of the control measures. This analysis also concerns the **risk areas identified in the area of corruption or fraud**.

The prevention activity is supported by a **training program** performed and implemented within the Head Office and the Branches, whereby knowledge is disseminated and the SNN personnel is trained on the compliance with specific procedures of ethics, integrity, anti-fraud and anti-corruption. Thus,

internal courses have been developed to present the main components of the ethics and compliance program, as well as the anti-corruption policy.

Number of course participants in 2020:

Course	Total participants, of which:	NPP	NFP	Executive
Avoiding the Conflict of Interests	1.606	1263	347	77
Role of the Whistleblower	1,302	888	353	62

Number of course participants in 2021:

Course	Total participants, of which:	NPP	NFP	Executive
Avoiding the Conflict of Interests	916	498	352	66
Role of the Whistleblower	1202	760	344	96

Within the SNN head office, trainings/courses held with the help of external resources have also taken place, which were attended by key people of the organization.

The Compliance Office carries out prevention activities, providing advice on ethical behavior and practices related to the interpretation of the internal and external rules by reference to the requests of business partners. To this end, in order to make them easier to understand and observe, the principles of ethics and integrity have been formalized by drafting guidelines, Compliance Guide, Supplier Guide, Ethics Advisor Guide, and Guide for the Selection and Recruitment of Human Resources.

SNN SA has adhered to the fundamental values, principles, objectives and monitoring mechanism of the **National Anticorruption Strategy** for the periods 2016-2020 and 2021-2025, and in this regard it has firmly expressed its decision to condemn corruption in all the forms that it manifests itself, and to express its commitment to fight against this phenomenon through all the legal means it has available.

On an annual basis, SNN is subject to the supervisory audit carried out by the certification body, in order to confirm the conditions for the implementation of the **ISO 37001 standard - anti-bribery management system**. On these occasions, the progress recorded in this segment was assessed positively.

One of the goals undertaken under the Management Plan is to **carry out a regular benchmarking** with entities at international level and to **adopt the best international practices** in the area of anti-bribery management. Thus, the Compliance Office prepared and presented the necessary documentation in the Technical, Economic and Scientific Committee of SNN, undertook the formalities requested by the World Economic Forum by filling in forms, declarations and questionnaires prior to verifications, and attended virtual meetings with the members of the Forum.

As a result of these actions, **SNN became, on July 13, 2021, the first Romanian partner of the World Economic Forum, and a member of the Partnering Against Corruption Initiative**. The partnership with the World Economic Forum allows for increased international visibility, the coordination of collective actions on strategic issues of SNN, the participation in global initiatives, such as zero carbon emissions, clean energy consumption, the commitment to ethics and integrity and extended access to carefully selected information, reports, briefings, white papers.

The main activities set out in the compliance program for 2022 are:

- Implementation of the goals and measures of institutional transparency and corruption prevention set out in the National Anticorruption Strategy for 2021-2025.

- Participation in government initiatives in the field of anti-fraud/anti-corruption, and in events organized by AMCHAM Romania and other national organizations on promoting integrity in the Romanian business environment.
- Participation in the platform "Partnering Against Corruption Initiative", organized by the World Economic Forum, and transfer of accumulated expertise, by improving the internal regulatory framework.
- Continuing the activities of controlling and monitoring risk areas, and disseminating the principles of ethics and integrity to our employees and partners.
- Reviewing anti-corruption and anti-fraud procedures in order to reflect legislation changes. The national legislative framework that will be adopted, as well as the legislative act that ensures the transition towards the current National Anticorruption Strategy, 2021-2025, mainly concern the recommendations on the whistleblower referred to in the EU Directive 1937/2019.
- Planning training programs depending on the exposure of the personnel to the specific risk.

During the 1st quarter of 2022, the Compliance Office successfully performed the following significant activities:

- **Re-certification following the surveillance audit for the anti-bribery management system ISO 37001;**
- Adoption of the SNN Integrity Agenda, requirement of the National Anticorruption Strategy 2021 - 2025;
- Participation in the Business Environment Cooperation Platform organized by the Ministry of Justice in order to monitor the implementation of the National Anticorruption Strategy;
- Coordination and guidance activities granted to EnergoNuclear in order to develop the anti-bribery management system, to adopt specific anti-corruption policies and procedures, as well as the objectives of the National Anticorruption Strategy, and the Integrity Agenda, respectively;
- Current assessments of applicants for sponsorships, business partners and situation/cases in relation to integrity policies and procedures, anti-bribery management systems and conflict of interest legislation.

5. Audit

The Audit and Risk Management Division (ARMD) is run by a Manager, who is directly subordinated to the Chief Executive Officer, and has the following main duties:

- Performs internal audit activities via the Internal Audit Department (IAD)., in order to assess whether the internal management and control systems of the company comply with the rules of legality, efficiency, effectiveness, regularity and/or economy, depending on the situation; this activity is carried out in compliance with the principle of independence of the internal audit function within the company;
- Provides the organization and performance of specific anti-fraud missions and/or activities via the Anti-Fraud Office (AFO), also having the role of providing support in audit missions carried out by the Internal Audit Department, when there are suspicions or risks of fraud;
- Provides the coordination and monitoring of the risk management process and organizes, coordinates and methodologically guides the risk management process that could affect the achievement of the business goals of the organization and monitors the performance/implementation of the actions placing and maintaining risks within acceptable limits, via the Risk Management Service (RMS). According to the successive review of the organizational chart of SNN, the Compliance Office

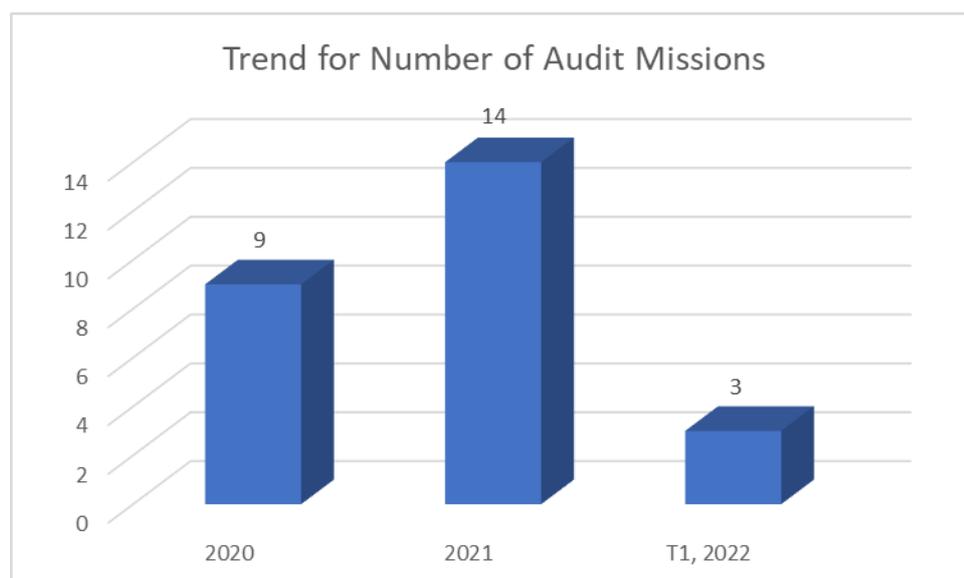
was transferred from under the subordination of DAMR to that of the Chief Executive Officer, and then under that of the Deputy Chief Executive Officer - Corporate Services.

The **Internal Audit Department** is created separately, under the direct subordination of the Director of the Audit and Risk Management Division, a division under the direct subordination of the Chief Executive Officer of SNN, exercising a distinct and independent function from the activities of the public entity. From a functional (operational) point of view, the Internal Audit Department, part of the Audit and Risk Management Division, operates under the subordination of the Board of Directors/Audit Committee, **which ensures its independence from all structures within the company**. Starting with 2020, the Internal Audit Department within SNN has extended its sphere to also take over the internal audit activity of the subordinated entity - EnergoNuclear S.A., based on Report 6826/June 3, 2020, approved by the Chief Executive Officer of SNN.

In order to contribute to the achievement of the general goals set under the Management Plan, especially the one related to the development/improvement of the reporting, control and risk management capabilities, the IAD continued the steps to complete and maintain within the team certified personnel with a rich experience in internal audit and with a good financial expertise.

The professionalism and experience of internal auditors have led to an increased efficiency in achieving the goals proposed, which is also confirmed by the results obtained in the period 2020-2022, as briefly presented below.

I) As a result of the complexity of the goals undertaken under the management plan, ambitious investments, the plan to mitigate the risks identified, the need to increase the efficiency, effectiveness and economy of using the resources available, as well as the trust placed in the audit team, the number of internal audit missions, especially ad-hoc (requests from the management) and advisory ones has increased significantly.



The management's trust in the professionalism of the audit team was also underlined by the requests of advisory missions aimed at:

- analyzing and identifying the services/business which, if internalized, might lead to obtaining reductions in the operating costs and synergies for SNN, with a view to setting up an affiliated entity to take over the performance of these activities. Following the audit mission, the Board of Directors of SNN endorsed with Decision no. 178/September 15, 2020 the establishment of a subsidiary, fully owned by SNN, as a sole shareholder, as well as the submission for approval by the Extraordinary General Meeting of Shareholders (EGMS) of the establishment of the subsidiary in order to internalize some services and obtain savings in terms of company costs (note no. 10636/September 8, 2020). In 2021, the EGMS approved the Articles of Incorporation of the service subsidiary.
- diagnosing the existing situation of the internal control system on the financial reporting sub-process (SCI-RF), and developing a formal matrix of key controls (as a first step in the subsequent implementation of an SCI across the accounting management and financial reporting process) which are subsequently tested annually in order to assess their efficiency and adequacy.
- facilitating the relationships between the external consultant and SNN, in order to elaborate an optimum control matrix and process diagram, with areas of improvement for a minimal system of internal controls on the SNN financial reporting sub-process. The expertise of an external consultant/evaluator for the evaluation, optimization and testing of the system was necessary because this approach confers the IAD with the independence and objectivity required for the maintenance and subsequent testing of the internal control system on the financial reporting process.

II) The improvement of the quality of the reports issued to the management, and the added value obtained within the processes assessed was also transposed in the answer mentioned by the audit functions at the end of the audit missions, including by filling in the feedback questionnaire, as well as by the high degree of acceptance of the audit recommendations/measures. The value obtained for the indicators "Increasing the degree of satisfaction of the auditee" and "Degree of acceptance of audit recommendations/measures" was constantly 100 %, which contributed to achieving the specific goal regarding the increase in the quality of the services offered by IAD, goal cascaded from the general one regarding the development/improvement of the risk reporting, control and management capabilities.

III) The improvement of the risk reporting, control and management capabilities was also highlighted by the Reports of the Romanian Court of Accounts (RCA), which checked in 2021 the activity of SNN SA, with the deficiencies found by the external auditors being significantly reduced in terms of number and financial impact, compared to other previous inspections. Furthermore, the external auditors have positively appreciated the activity of IDA, mentioning this aspect in the report. Beyond the achievement of the annual audit plans and the timely reporting to the hierarchically superior and State control entities, the external auditors of the RCA mentioned that during 2018-2020 the activity of the IAD was exercised over all areas referred to under the specific legislation on internal public audit.

Anti-fraud Office

According to the provisions of the SNN Management Plan, which aims for the implementation by the company's management of the principles of corporate governance by adopting a conduct based on responsibility, professionalism and ethics, the anti-fraud and compliance activity was initially organized within the Audit and Risk Management Division, through the Compliance Office, which had a double role, that of prevention within the company (*by developing specific procedures and delivering courses/trainings to employees*), as well as support for the audit activity.

During the period in question, an extensive process aimed at modernizing/supplementing the internal procedural framework was carried out, with dozens of new procedures, codes of ethics and conduct, changes and additions to the Internal Regulations being implemented and popularized among the employees, with the purpose of obtaining, at the beginning of 2020, the certification for ISO 37001-

2016 - Anti-bribery Management System. In parallel, the irregularity reporting system was operationalized within the company, its permanent functionality was ensured and the capacity of investigating complaints was improved, efficiently and effectively.

In most cases, the complaints received through the Whistleblower have led to anti-fraud/compliance investigations or determined the initiation of ad-hoc internal public audit missions.

As a result of the reorganization of the company, the anti-fraud and anticorruption functions were separated, due to the requirements imposed by the Anti-Bribery Management System. Thus, the Compliance Office was transferred under the subordination of the Chief Executive Officer, and the Anti-Fraud Office was set up within the Audit and Risk Management Division.

In August 2020, the Anti-Fraud Program was drawn up, discussed and subsequently endorsed in the Board of Directors of SNN. The objectives pursued by the Anti-Fraud Program have led to the improvement of the compliance and fraud risk management activity, on several levels, such as:

- implementation/update of procedures, codes of conduct, the promotion and constant communication thereof, in order to develop a culture of ethics and integrity within the entire staff and the business partners;
- operationalization of the management system in accordance with the provisions of the ISO 37001 Anti-Bribery Standard;
- performance of the prevention activity, including by means of specialized training sessions for the staff.

With the help of the Anti-Fraud Office, support was provided within the audit missions carried out by the Internal Audit Department, in cases where there were suspicions or risks of fraud, and the operative investigation of the complaints received through the Whistleblower was ensured.

In order to reduce the risks associated with the fraud phenomenon, the Anti-Fraud Program initially proposed for implementation within SNN a number of **13 measures**, one being eliminated along the way.

According to the assessment carried out at the end of 2021, of the 12 remaining measures, for 9 the status is implemented, for 1 partially implemented, and for 2 under implementation.

#	Anti-Fraud Measures	Status @ November 2021
1	Job rotation or employees taking their annual leave	Partially implemented
2	Surprise audits/inspections	Implemented
3	Formal and periodic assessment of fraud risk	Implemented
4	Anti-fraud policy	Implemented
5	Fraud training for employees	Implemented
6	Fraud training for leaders and managers	Under implementation
7	Hotline (via the whistleblower)	Implemented
8	Independent Audit Committee	Implemented
9	External audit on the efficiency of internal controls on financial reporting	Under implementation

#	Anti-Fraud Measures	Status @ November 2021
10	Internal audits	Implemented
11	Code of Conduct	Implemented
12	External audit of financial statements	Implemented

In terms of the anti-fraud measure under implementation, regarding **External audit on the efficiency of internal controls on financial reporting**, we mention that, during 2021, the **Internal Audit Department conducted an advisory mission whereby it developed a matrix of key controls on the financial reporting process**, in order to be tested annually for efficiency. Currently, **a consultancy contract is being implemented, having as scope the provision of audit services on the efficiency of internal controls in the financial reporting process**, whereby the matrix of key controls has already been assessed and improved, and in the second half of 2022 the last phase of the process will also be completed, i.e., the testing of how they were implemented. The ultimate goal is that the Financial Department may provide reasonable assurance on the efficiency and adequacy of controls on the financial reporting process.

In order to implement the measures set out in the Anti-Fraud Program, action was taken on all levels, namely prevention, determination/detection and investigation, and tests intended to identify those cases that could be based on fraud, have been initiated.

During 2021, a series of anti-fraud tests (*through database analysis*) was carried out at the level of SNN and NFP, by the Anti-Fraud Office, with the direct support of the Internal Audit Department, and in 2022 these will also be carried out at the level of NPP, so that, at least once every two years, both for SNN, as well as for the two branches, NPP and NFP, all the checks set out in the Anti-Fraud Program are covered.

These mainly concern the following areas: arranged auctions, fictitious suppliers, modified invoices, goods and services not received, duplicate invoices, duplicate payments, invalid supplier accounts, quantities of goods purchased in excess, payments recorded incorrectly and incompletely, fictitious employees/salaries.

During the 1st quarter of 2022, the Anti-Fraud Office together with the Internal Audit Department carried out anti-fraud tests within NPP, which concern the following aspects: goods and services that were not accepted, duplicate/modified invoices, doubled payments and fictitious salaries. The conclusions of these tests confirm, through a reasonable assurance, that the internal control system works efficiently, without giving the Company's management any signals of concern.

6. Activity in the Committees

According to the Articles of Incorporation of the Company, and in compliance with OUG No. 109/2011, as further amended and supplemented, the Board of Directors has the obligation to set up an advisory committee for audit and an advisory committee for nomination and remuneration. Furthermore, the legislation allows for the set up of further specialized committees, consisting of at least 2 (two) members of the Board, and with at least one member of each Advisory Committee to be an independent non-executive director.

Thus, within the Board of Directors of SNN, the following committees have been set up:

- The Advisory Committee for Nomination and Remuneration;
- The Advisory Audit Committee;

- The Advisory Committee for Nuclear Safety, and
- The Advisory Committee for Strategy, Development and Large Investment Projects.

The Advisory Committees are in charge of performing investigations and preparing recommendations for the Board of Directors, in their specific areas, and submit to the latter, on a regular basis, reports on their activity.

The synthesis of the activity carried out as a member of the advisory committees is as follows:

The Nomination and Remuneration Committee

The Nomination and Remuneration Committee ("NRC") of the Board of Directors of SNN was established by the Resolution of the Board of Directors No. 7/April 26, 2013, according to the provisions of Art. 140² of Law No. 31/1990 republished, on trading companies, as further amended and supplemented, and according to the provisions of Art. 34 of the Government Emergency Ordinance No. 109/2011 on the corporate governance of public enterprises, corroborated with the provisions of Art. 20 par. (2) and par. (5) - (8) of the updated Articles of Incorporation of SNN.

NRC is a permanent committee with an advisory capacity, reporting directly to the Board of Directors of SNN, having powers of assessment, consultation and elaboration of proposals in the nomination of the members of the Board of Directors, the Managers of the Company to whom executive duties are delegated, as well as the remuneration thereof in compliance with the applicable legal regulations. NRC conducts investigations and prepares recommendations for the Board of Directors on the remuneration of the directors, managers and staff or for the nomination of candidates for various executive positions.

According to the provisions of Art. 55 par. (2) and (3) in the Government Emergency Ordinance No. 109/2011, NRC is bound to present the General Meeting of Shareholders with an annual report on the remunerations and other benefits granted to directors and managers during the financial year.

In 2020, the NRC within the Board of Directors of SNN convened in 11 meetings, during which it elaborated recommendations to the Board of Directors of SNN on matters within the duties thereof, as follows:

- NRC Recommendation on the initiation of the selection procedure of the Chief Financial Officer, in accordance with the provisions of OUG no. 109/2011. The Nomination and Remuneration Committee, running the selection procedure under the provisions of OUG No. 109/2011, assisted by the human resources expert, S.C. Several Consultants Romania S.R.L., having provided the services according to the provisions of Art. 22.2. in the service agreement no. 516/May 23, 2018, concluded with SNN; the empowerment of the executive management of SNN to notify, in writing, the human resources expert, Pluri Consultants Romania S.R.L., according to the provisions of Art. 4.1 par. (4) corroborated with the provisions of Art. 22.2 in the sectoral service agreement no. 516/May 23, 2018 concluded by SNN as purchaser, on the supply of personnel recruitment services, in order to select the Chief Financial Officer of SNN; Approval of the eligibility criteria; Approval of the announcement to be published by the company in accordance with the provisions of OUG No. 109/2011;
- NRC Recommendation on the Approval of the empowerment of NRC to run the process of selection of a SNN director; Approval of the initial component of the selection plan for a position of member in the Board of Directors of SNN; Approval of contracting the services of the independent human resources recruitment expert, having provided the selection and recruitment process of the current directors, under the same contractual terms, including the price for a recruited position (RON 2818, VAT exclusive), according to the applicable legal provisions in the field, in order to

assist NRC in running the selection process of an SNN director and of the empowerment of the executive management to run the acquisition procedure under the coordination of NRC. The terms of reference for the selection of the expert being identical to those approved by BoD Decision No. 84/May 9, 2018, underlying the conclusion of contract no. 516/May 23, 2018 with PLURI CONSULTANTS ROMANIA SRL, the independent expert in human resources recruitment, having provided the selection and recruitment process of the current directors;

- NRC recommendation on the approval of the NRC Annual Report for 2019, in order to be submitted for approval to the GMS of SNN;
- NRC recommendation on the approval of the appointment of Mr. Paul Ichim as interim Chief Financial Officer, with a term of office of 4 months starting with April 1, 2020 until July 31, 2020, with the possibility of extension thereof, for solid reasons, up to maximum 6 months (September 31, 2020), pursuant to Art. 64² of OUG 109/2011, as further amended and supplemented; the remuneration of the interim Chief Financial Officer established in accordance with the provisions of Art. 64² par. 2 of OUG 109/2011, as further amended and supplemented; Approval of the form of the mandate contract to be signed by the company with the interim Chief Financial Officer;
- NRC recommendation on the extension of the term of the mandate contract concluded by Mr. Chirica Minodor Teodor, as temporary director, for 2 months, starting with May 31, 2020 until July 31, 2020, this mandate terminating, by operation of the law, on the date of acceptance of the mandate by a director appointed in accordance with the provisions of OUG No. 109/2011, if the selection is completed before the afore-mentioned term; the form of the addendum to be signed by the company with the temporary director and the mandating of the MEEMA representative within the GMS of SNN to sign on behalf and on account of the company the Addendum to the mandate contract of the temporary director; Maintaining the monthly gross fixed allowance for the temporary member of the Board of Directors and the variable component, as approved by OGMS Resolution No. 1/January 30, 2020;
- NRC Recommendation on the Matrix Form of the candidate profile prepared by Pluri Consultants Romania S.R.L., based on the Profile of the Board of Directors and the Profile of the candidate for the position of member in the Board of Directors, approved by GMS Resolution No. 6 of June 28, 2018; the full structure of the selection plan, drawn up in accordance with the provisions of HG No. 722/2016; recruitment and selection Strategy, containing the time schedule and selection criteria, prepared by Pluri Consultants Romania S.R.L.; Recruitment announcement for the BoD member of SNN S.A. in the extended form, as well as the restrained form, drawn up in accordance with the Profile of the Board of Directors and the Profile of the candidate for the position of member in the Board of Directors, approved by the GMS Resolution No. 6 of June 28, 2018; the content of the file for the candidates' application submission;
- NRC recommendation on the analysis by the Board of Directors, in order to establish the eligibility requirement of the candidates in terms of the period of time during which they have not been dismissed or revoked for non-fulfillment of the contractual obligations from a position within public institutions or companies with majority state-owned capital, respectively 7 years (duration used for the selection of the current directors of the company with a mandate contract) or 5 years (duration stipulated in Art. 36 par. (7) of OUG 109/2011). Also, considering the Initial Report and the documentation attached thereto, prepared by the independent expert in human resources recruitment, S.C. Pluri Consultants Romania S.R.L., the Nomination and Remuneration Committee recommends to the Board of Directors of SNN the **approval** of: The content of the candidate application file; the candidate profile; the full structure of the selection plan; the recruitment announcement for the position of Chief Financial Officer of SNN in the extended form, as well as in abridged form, drawn up in accordance with the Profile of the candidates for the position of

Chief Financial Officer of SNN; Matrix form of the candidate's profile for the position of Chief Financial Officer, prepared by Pluri Consultants Romania S.R.L.;

- Approval: Final Report of the project for the recruitment and selection of candidates for the position of member of the Board of Directors of the National Company Nuclearelectrica SA, including the short list and matrix with the detailed results for all candidates, documents prepared by Pluri Consultants Romania SRL, as an independent expert; the report for the final appointment of the member of the Board of Directors of the National Company Nuclearelectrica SA, prepared by the Nomination and Remuneration Committee, in accordance with the provisions of Art. 44 par. (7) of H.G. 722/2016 - for the approval of the Methodological Guidelines for the enforcement of some provisions of Government Emergency Ordinance No. 109/2011 on the corporate governance of public enterprises; Approval of the draft mandate contract to be concluded by the company with the member of the Board of Directors of SNN SA.
- NRC recommendation on the appointment of Mr. Ichim Paul in the position of Chief Financial Officer for a 4-year term, starting with August 1, 2020; approval of the form of the Mandate Contract to be concluded between the company and Mr. Ichim Paul; Mandating the Chairperson of the Board of Directors to sign the Mandate Contract concluded by the company with Mr. Ichim Paul, as Chief Financial Officer; Approval of the gross monthly fixed allowance amounting to RON 37077 for the fulfillment of the entrusted mandate. In order to establish the gross monthly fixed indemnity, the average for the last 12 months of the average gross monthly salary was calculated for the activity performed according to the main scope of business registered by the company, at class level, according to the classification of activities in the national economy, communicated by the National Institute for Statistics prior to the appointment and it was taken into account that the gross monthly fixed allowance should not exceed the value of the fixed allowance of the executive director. (ii) a variable component established based on the financial and non-financial performance indicators negotiated and approved by the Board of Directors, determined in compliance with the methodology stipulated by H.G. No. 722/2016; The variable component of the Chief Financial Officer's 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 fulfillment of the financial and non-financial performance indicators approved by the Board of Directors, annex to the mandate contract;
- NRC Recommendation on the endorsement, in order to be submitted for the approval of the General Meeting of the Shareholders of SNN, of the following proposals:

initiation of the procedure for the selection of a member in the Board of Directors of the National Company Nuclearelectrica S.A., in compliance with the provisions of OUG No. 109/2011, as further amended and supplemented, considering the legal expiry of the term of office of one of the members of the Board of Directors; empowerment of the Board of Directors of SNN to run the process of selection of a member of the Board of Directors of SNN; approval of the convening of the General Meeting of the Shareholders for the approval of: The revocation of Mr. Robert Iulian Tudorache as a member of the Board of Directors of SNN SA, as a result of his resignation; Initiation of the selection procedure of a member of the Board of Directors of the National Company Nuclearelectrica S.A., in accordance with the provisions of OUG No. 109/2011, as further amended and supplemented, considering the resignation of one of the members of the Board of Directors; empowerment of the SNN Board of Directors to run the selection process of a member of the SNN Board of Directors.

- NRC Recommendation on the Endorsement, in order to be submitted for the approval of the General Meeting of the Shareholders of SNN, of the following proposals:

Initiation of the procedure for the selection of a member in the Board of Directors of Societatea Nationala Nuclearelectrica S.A., in compliance with the provisions of GEO no. 109/2011, as further amended and supplemented, considering: i) the termination of the term of office, as a result of the incompatibility with regard to the locally elected officials, arisen in the case of Mr. Cristian Gentea, as a result of the takeover, starting with November 19, 2020, a position within the public administration; Empowerment of the Board of Directors of SNN to run the process of selection of a member of the SNN Board of Directors; Approval of the convening of the General Meeting of the Shareholders for the approval of: The revocation of Mr. Cristian Gentea from the capacity of member of the Board of Directors of SNN SA, as a result of the request to resign from the mandate, considering the occupation, starting with November 19, 2020, of a position elected within the public administration, position incompatible with the capacity of director of S.N. Nuclearelectrica S.A.; Initiation of the selection procedure of a member of the Board of Directors of the National Company Nuclearelectrica S.A., in compliance with the provisions of OUG No. 109/2011, as further amended and supplemented, considering the termination of the director's mandate, as a result of the incompatibility concerning the locally elected representatives, occurred in the case of one of the board members; empowerment of the SNN Board of Directors to run the process of selection of a member of the SNN Board of Directors;

The annual report on remunerations and other benefits granted to directors and managers during the financial year 2020 was implicitly approved, by approving the Annual Report of the Board of Directors for the financial year ended ad of December 31, 2020, according to the provisions of the OGMS Resolution No. 5/April 26, 2021, point 4:

“Approval of the Annual Report of the Board of Directors of S.N. Nuclearelectrica S.A. for the financial year ended on December 31, 2020, drafted according to the provisions of Art. 63 of Law No. 24/2017 on the issuers of financial instruments and market operations, as further amended and supplemented, and of Annex No. 15 to ASF Regulation No. 5/2018 on issuers of financial instruments and market operations, as further amended and supplemented.”

In 2021, the NRC within the Board of Directors of SNN convened in 3 meetings, during which it elaborated recommendations to the Board of Directors of SNN on matters within the duties thereof, as follows:

- NRC recommendation on the approval of the NRC Annual Report for 2020, in order to be submitted for approval to the GMS of SNN;
- NRC recommendation on the initiation of the selection procedure of two members in the Board of Directors of SNN in compliance with the provisions of OUG No. 109/2011, as well as granting a mandate to the BoD of SNN for carrying out the selection procedure of two members of the BoD of SNN;
- NRC recommendation on the endorsement, in order to be submitted to the approval of the General Meeting of the Shareholders of SNN, of the Remuneration Policy of SNN;
The Remuneration Policy of the National Company Nuclearelectrica S.A. was approved during the OGMS meeting dated April 26, 2021, according to the provisions of Resolution No.5/April 26, 2021, point 8.

The annual report on remunerations and other benefits granted to directors and managers during the

financial year 2021 was drafted and submitted for endorsement to the Board of Directors, in view of its approval by the SNN OGMS in the meeting **dated April 28, 2022.**

In 2022, during the first quarter of the year, the NRC convened in 7 meetings, during which it elaborated recommendations to the Board of Directors of SNN on matters within the duties thereof, as follows:

- Approval of the development of the stages described in the NRC recommendation registered under no. 950/January 25, 2022 for the appointment of the provisional Chief Financial Officer of SNN and the approval of the Announcement for the recruitment thereof;
- Approval of the termination of mandate contract no. 65/February 11, 2019 concluded by SNN with Mr. Laurentiu Dan Tudor, as Deputy Chief Executive Officer, with the agreement of the parties, according to Art. 13.1 lit. f of the mandate contract, as of February 1, 2022; approval of the enforcement of the provisions of Art. 5.1. let. l) of the mandate contract of the DGA, thus he will continue to occupy for an indefinite period the position of main expert under the direct subordination of the DGASC; empowering the Chairman of the Board of Directors of SNN to sign on behalf of the Company the Agreement for the termination of the mandate contract of the DGA of SNN, registered under no. 65/February 11, 2019;

Approval of the initiation of the actions necessary for the achievement of the stages mentioned in the NRC recommendation registered under no. 952/January 25, 2022 regarding: the renewal of the mandates/appointment of the members of the Board of Directors and the conclusion of mandate contracts, and the renewal of the mandates of Managers, respectively;

- Approval of the appointment of Mr. Dan Niculaie-Faranga as interim Chief Financial Officer, with a term of office of 4 months, from February 11, 2022 to June 10, 2022, with the possibility of extending it, for solid reasons, up to maximum 6 months, in virtue of Art. 64² of OUG 109/2011, as further amended and supplemented.
- The remuneration of the interim Chief Financial Officer shall be established in compliance with the provisions of Art. 64² par. 2 of OUG 109/2011, as further amended and supplemented, i.e., equal to the remuneration of the managers with mandate contract in office.
- Approval of the form of the mandate contract to be signed by the company with the interim Chief Financial Officer, attached to this Recommendation.
- The appointment of the Chairperson of the Board of Directors of S.N.N. to sign on behalf of and for the Company, the Provisional Mandate Contract of the Chief Financial Officer of S.N.N., valid as of February 11, 2022.
- Appointment of Mr. Serban Constantin Valeca as provisional manager, until the general meeting of the shareholders is convened, in compliance with the provisions of Art. 137² of Law No. 31/1990, considering the experience and professional expertise, according to the CV attached to this recommendation;
- Appointment of Mr. George Sergiu Niculescu as provisional manager, until the general meeting of the shareholders is convened, in compliance with the provisions of Art. 137² of Law No. 31/1990, considering the experience and professional expertise, according to the CV attached to this recommendation;
- The form of the mandate contract and the gross monthly fixed allowance for the provisional members of the Board of Directors at the level of RON 15057, equal to that of the most recent director in office selected according to OUG No.109/2011, as well as of a variable component determined identically to that of the directors in office, at the level of the short-term component, granted on a pro rata basis in relation to the period of the provisional mandate, that Mr. Serban Constantin Valeca and Mr. George Sergiu Niculescu, appointed as provisional directors until the ordinary general meeting of

shareholders is convened, will benefit from, as well as mandating the Chairperson of the Board of Directors of SNN to sign the mandate contracts with them.

- Endorsement, in order to be submitted for the approval of the General Meeting of the Shareholders of SNN to be convened by the company's Board of Directors, of the following proposals regarding the agenda:

- The appointment of two provisional members of the Board of Directors, for a period of 4 months, as of the date of appointment by the Ordinary General Meeting of Shareholders, in compliance with the provisions of Art. 64¹, par. (3) and par. (5) of OUG No. 109/2011, as further amended and supplemented;

- Approval of the form of the mandate contract to be signed by the Company with the members of the Board of Directors, as well as mandating the representative of the Ministry of Energy within the General Meeting of Shareholders to sign for and on behalf of the Company the mandate contracts with the interim directors;

- Approval of the gross monthly fixed allowance for the provisional members of the Board of Directors at the level of RON 15057, equal to that of the most recent director in office selected according to OUG No. 109/2011, as well as of a variable component determined identically to that of the directors in office, at the level of the short-term component, granted on a pro rata basis in relation to the period of the provisional mandate;

- Endorsement of the Annual Report of the Committee for Nomination and Remuneration for 2021;

- Endorsement of the Remuneration Report for financial year 2021, in view of its submission for approval in the GMS meeting, according to the provisions of Art. 107 par. (6) of Law No. 24/2017 on the issuers of financial instruments and market operations.

The Advisory Committee for Nuclear Safety

The Advisory Committee for Nuclear Safety was set up according to Art. 34 of O.U.G. No. 109/2011, by Resolution No. 27 of the Board of Directors dated August 26, 2013. The secretariat of this committee is provided by the Nuclear Safety Department within the Technical and Nuclear Safety Division of SNN – Head Office. The purpose of this Committee is to ensure independent support and/or assessment in the field of nuclear safety and environmental protection on certain specific issues, and in compliance with the technical measures set and undertaken, which reflect the concern for maintaining a high level of nuclear safety. Thus, the main areas where the ACNS has assessment and consultancy duties are:

- The strategic options of the Company related to nuclear safety, taking into account the existing situation and the regulatory framework applicable to the operating activities of Cernavoda NPP;
- Conclusions drawn from the review of certain design studies and the impact thereof on the systems, structures and components with critical nuclear safety functions;
- Fundamental decisions on nuclear safety, as well as on radiation protection, adopted within the Company and the two branches thereof;
- Framework and main criteria to be adopted for nuclear safety and for the management and quality assurance system;
- Conclusions of the impact studies on all types of emissions into the environment;
- Nuclear safety criteria, public health and environmental protection, applied in the relations with the subcontractors and providers;
- Elaboration and implementation of programs for the preparation of the nuclear safety culture for the personnel of the Company;
- General policy and regulations on the personnel and the competence requirements in the operation of the assets of the Company;

- Inspection of structures and components with critical security function;
- Independent control processes in matters of nuclear safety and radiation protection, related to the specific activities of the Company;
- Certification and licensing process;
- Analyses of reports of the operating events/incidents with potential impact on nuclear safety or radiation protection of the personnel;
- Analysis of any report on nuclear safety, prepared within the Company;
- Any matter for which the Board of Directors deems it necessary to consult the Advisory Nuclear Safety Committee.

In the timeframe 2018 - 2022, the Advisory Committee for Nuclear Safety met regularly, in a number of 10 meetings, with physical presence or by electronic means, and the activity of the members was mainly focused on analyzing the quarterly reports on the status of nuclear safety of the two branches, Cernavoda NPP and Pitesti NFP, as well as the recommendations necessary to improve certain aspects, such as the nuclear safety culture within the organization.

From the analysis of the activity of the Advisory Committee for Nuclear Safety it is appreciated that, by proactively exercising the control and monitoring, it has allowed the streamlining of the aspects related to the nuclear safety of the two branches owned, streamlining that is reflected in the usage coefficient of the installed power of the two nuclear units from Cernavoda NPP, as well as in the results of the international missions for the assessment of nuclear safety, which have taken place in the period 2018-2022, missions that have reconfirmed the fact that Cernavoda NPP is in the top of the best and safest nuclear power plants globally.

Mr. Teodor Chirica became the chairman of CNSC in 2021. He was actively involved in the review and update of the Operation Regulation of the CCSN, review approved in the meeting of the Board of Directors of SNN dated February 22, 2022. In the CNSC meetings, he raised for discussion important issues for the two branches, such as the operation under conditions of nuclear safety and reliability of the two branches, the provision of staff resources, requesting the presentation within the CNSC of appropriate strategies for these issues.

7. Anti-Bribery System

The anti-bribery management system is certified according to the requirements of the ISO 37001: 2016. In order to ensure the integration of the requirements of the anti-bribery management systems in the processes of the company, the internal normative anticorruption framework was consolidated and developed by drafting policies and procedures, namely:

- The Anticorruption policy, designed to encourage and facilitate the activity of preventing and fighting corruption deeds, setting anticorruption principles for all employees, setting up a framework for setting, reviewing and achieving anticorruption objectives;
- The procedure “Manner of complying with the Anticorruption policy” which regulates the field and structure of the compliance function established in order to ensure the compliance with the principles set in the Anticorruption Policy;
- The procedure regarding the “Implementation of financial and non-financial anticorruption compliance inspections” that describes the manner of implementing relevant inspections for preventing, detecting and investigating corruption risks;
- The procedure for assessing business partners from the perspective of the risks associated to the anticorruption compliance system which describes the manner in which the analysis of commercial partners is performed in order to minimize the risks generated by the transactions performed by SNN S.A.;
- Procedure on “Identifying, assessing and preventing conflicts of interests”

The main criteria considered when assessing risks:

- Sanctions or authorization withdrawals
- Involvement of the company or its employees in litigations
- Losing strategic commercial partners
- Increasing the number of deficiency notifications
- Nature, size and complexity of processes and activities
- Anti-bribery management system of business partners: suppliers, clients and consultants
- Locations and activity sectors where the organization operates or estimates that it will operate

The anti-bribery management system developed by Nuclearelectrica is adapted to the requirements of the ISO 37001: 2016 standard and considers internal control procedures over the following processes:

- a. Declaring presents and other benefits;
- b. Preventing conflicts of interests, incompatibilities and pantouflage;
- c. Mandate of the ethics adviser and of the compliance officer;
- d. Protection of the whistleblower;
- e. Prevention measures for managing sensitive functions;
- f. Sponsorships, donations and other charitable activities;
- g. Employee deductions;

Preventing and fighting corruption is the main responsibility of the Compliance Office, which is regularly allocated the necessary resources in order to achieve its objectives.

S.N. Nuclearelectrica has created the Compliance function which is responsible for managing the anti-bribe management system. The compliance officer has long/important experience in Internal Audit and Compliance. The training program includes the regular participation in specific seminars and courses on fraud, corruption, ethics and integrity.

Nuclearelectrica has established mechanisms for monitoring and warning the occurrence of threats or non-compliant situations regarding breaches of ethics and integrity norms, such as:

- Periodical identification and assessment of corruption risks;
- Company's employees declaring potential conflicts of interests and using an app for declaring and consolidating the respective information;
- Anti-bribery contractual clauses included in contracts concluded with business partners;
- Periodical program of consultancy for employees established by the Ethics Advisers;
- Communication channels provided to the whistleblower and analysis of complaints/notifications depending on their nature;
- Assessments of business partners regarding the anti-bribery management system;
- Internal inspections aiming at the occurrence of fraud and corruption situations;
- Analysis of sponsorship applicants in relation to their ethical behavior.

We do not have pending or completed lawsuits regarding anti-competition behavior.

The Ethics and Conduct Code establishes the principles that govern the ethics and professional conduct of Nuclearelectrica employees. The anti-corruption policy defines the corruption and bribery terms.

The "Facilitation payments" term is not defined in the Romanian legislation, and is interpreted in the legislation as bribery.

The Internal procedure AF-00-03 - Granting and accepting benefits - indicates the interdiction of granting any benefits to authorities, business partners or any other persons in order to facilitate approvals, authorizations or illegitimately obtaining a business decision. **Also**, Nuclearelectrica has a procedure dedicated to conflicts of interests. Employees are obligated to declare their personal interests which are contradictory to the interests of the company. The statement is renewed on an annual basis.

The **Warning System** is regulated by procedure AF-00-02 rev 2 - Reporting irregularities within SNN, which is aimed at establishing ways of reporting and dealing with irregularities and is elaborated to address issues of public interest that may include the non-compliance with SNN policies, procedures or the applicable law.

The problems that can constitute deficiencies (without limitation) are: non-compliance with the Code of Conduct, non-compliance with policies and procedures, inappropriate issues regarding financial statements and employee relations, abuses, discrimination, corruption cases, thefts, money laundering, and any inappropriate behavior that could damage the company's reputation or any attempts to hide any of the above. e all of the above.

The company, as it acknowledges the essential importance of a clear and updated process regarding internal reporting and the protection of those that send such reports (the persons who send notifications), adopts this procedure in order to guide its personnel and to declare that it ensures their full confidentiality and protection, as part of its general responsibility towards its personnel, shareholders and clients.

The whistleblowing procedure aims at:

- to encourage its employees and third parties to feel confident in opening a discussion about serious issues, to question such issues and to act accordingly;
- to provide its employee and third parties with the ways to discuss and be appreciated for any actions taken consequently;
- to ensure that its employees and third parties are receiving a reply related to the issues notified and that they know how to proceed when they are not satisfied by the actions taken;
- to assure again its employees and third persons with regard to the fact that, when they are presenting in good faith the issues they feel are real, they will be protected against any repercussions or victimization.

In particular, this procedure aims to establish the communication means and the process of receiving notifications regarding:

(a) inadequate actions and/or accounting and auditing practices that are contrary to international practices and applicable regulations; and

(b) fraud, corruption or conflicts of interests;

as defined in the SNN related policies/codes on fighting fraud and corruption, conflicts of interests.

However, by the communication channels described in this procedure, other alerts may be transmitted regarding the irregularities identified by the petitioners.

The **scope** of the Whistleblowing Procedure is intended to provide support to individuals (permanent or part-time employees, contractors, suppliers, customers and other members of the public) who believe that they have discovered negligence, fraud or irregularities.

This procedure does not apply to personal complaints that refer to terms of employment or other aspects of the employment relationship or disciplinary issues.

The procedure is not intended to call into question the financial or business decisions adopted by SNN and its branches, nor should it be used to reconsider issues that have already been addressed under disciplinary procedures.

The principles of this procedure are in accordance with the principles that govern the protection of whistleblowers:

- a) the principle of legality, according to which public authorities and institutions have the obligation to respect the rights and freedoms of the citizens, procedural norms, free competition and equal treatment granted to the beneficiaries of public services, according to the law;
- b) the principle of the supremacy of the public interest, according to which the rule of law, integrity, impartiality and efficiency of public authorities and public institutions are protected and promoted by law;
- c) the principle of responsibility, according to which any person who reports breaches of the law is obligated to support the complaint with data or indications regarding the committed deed;
- d) the principle of abusive non-sanctioning, according to which persons who complain or report breaches of the law, directly or indirectly, cannot be sanctioned by applying an unfair and more severe sanction for other disciplinary breaches. In case of a public-interest warning, deontological or professional norms are not applicable in order to prevent the public-interest warning;
- e) the principle of good administration, according to which public authorities and institutions are obligated to carry out their activities in achieving the general interest, with a high degree of professionalism, under conditions of efficiency, effectiveness and economical use of resources;
- f) the principle of good conduct, according to which the act of warning in public interest regarding aspects of public integrity and good administration, is protected and encouraged, in order to increase the administrative capacity and the prestige of the public authorities and institutions;
- g) the principle of balance, according to which no person can use the provisions of the law in order to diminish administrative or disciplinary sanctions for a more serious deed;
- h) the principle of good faith, according to which the person who has submitted a notification is protected, being convinced of the accuracy of the status quo or that the deed constitutes a breach of the law.

Deficiencies mainly refer to, without limitation:

- Abuse of trust
- Corruption offenses, offenses assimilated to corruption offenses, offenses directly related to corruption offenses,
- Forgery and use of forgery crimes;
- Fraud and embezzlement on investment capital
- Theft and misappropriation
- Blackmail
- Forging documents and other manipulative actions with documents
- Robbery
- Manipulating market prices
- Insolvency crimes
- Constraints and threats
- Inside trading (illegal) and market manipulation activities
- Forging company records
- Computer crimes
- Forging, pirating products and brands
- Abuse in relation to private or business secrets
- Breaches related to accounting, financial-accounting inspections or internal audit;

- Breaching the legal provisions regarding public procurements and non-reimbursable financing;
 - Anti-competition arrangements
 - Money laundering
 - Breaking representation and document signing rules
 - Preferential or discriminatory practices or treatments in exercising duties;
 - Breaching the provisions on incompatibility and conflicts of interests;
 - Abusively using material or human resources of the company;
 - Anti-competition practices;
 - Work incompetence or negligence;
 - Non-objective evaluations of the personnel in the process of recruitment, selection, promotion, demotion and dismissal;
 - Breaches of procedures or establishing internal procedures by breaking the law;
 - Any other serious breach of legislation or business ethics and conduct internal norms of the Company.
- Given that the reporting process is generally recognized as a key tool for detecting misconduct, it is important that employees fully understand the type of incidents they are ethically required to report.

Communication

channels

The company has established various communication channels that can be used by employees and third parties in order to express their complaints in accordance with the purpose of this procedure, as follows:

- Dedicated internet portal within SNN, www.nuclearelectrica.ro, section “indicate a deficiency”, where the Deficiency Reporting Form is available, whose format is presented in the annex to this Procedure;
- E-mail addresses sesizari@nuclearelectrica.ro and conformitate@nuclearelectrica.ro managed by the Compliance Desk within Audit and Risk Management Directorate;
- Mailing address;

Persons drafting a complaint may keep their anonymity but are encouraged to identify themselves (name and contact data), especially when additional verification is required. It is preferable for all notifications to comply with the whistleblowing form format.

Investigating complaints by the Compliance Office

All received reports are carefully investigated by the Compliance Office, in complete secrecy and confidentiality. The Compliance Office will select the appropriate notices for this procedure, will carefully review them, but may only act on those relating to fraud (including misconduct, accounting and auditing practices contrary to international practices and applicable laws), corruption and conflicts of interests. The other notifications that do not concern aspects related to the activity of the Compliance Office will be sent for resolution to the competent structure within the company.

Information can be provided anonymously; however, this means that the Compliance Office cannot contact the person who submitted the notification/report for additional information, making it more difficult to address the issue.

The person submitting a complaint is advised not to communicate to other persons, details of the aspects reported by him/her, given that such action could have a negative impact on any future investigation.

It is pointed out that all complaints sent are treated as strictly confidential by all the units involved in the Company.

Protection Measures established under the procedure are:

Confidentiality

All disclosures are treated the same way as confidential and sensitive information. When irregularities are reported, any person can assume that his/her identity will be known only to the employees investigating the relevant complaint. The identity of persons submitting a complaint shall be confidential as long as this aspect does not prevent or restrict the investigation. However, the identity of the whistleblower will have to be disclosed in the event of a legal obligation to do so.

Anonymous accusations

Anonymous accusations are less credible, but they can be considered. In exercising this right, the factors to be considered will include:

- Seriousness of the notified aspects
- Credibility
- Possibility of obtaining confirmation from independent and reliable sources

Protection

This Procedure is designed to provide protection to employees who notify certain problems:

- in good faith;
- who reasonably believe that there is a case of negligence in service or incorrectness, as long as the disclosure has been made to an appropriate person

The company will not allow any repressive action by the managers regarding the persons who denounce an irregularity in good faith, including if, based on the performed verifications, the aspects are not confirmed or are only partially confirmed.

Persons who draw up notifications may remain anonymous, but they are encouraged to identify themselves, especially if additional useful and relevant information is needed in order to investigate the reported case.

Notifications and warnings are received and analyzed by the Compliance Office, which decides whether they can be resolved by the office or by other certified and competent structures such as: Anti-fraud Office, Human Resource Strategy Division or Legal Division, etc.

Both employees and business partners or third parties have the opportunity and are encouraged to report non-compliant situations or acts/facts that may lead to violations of the law and procedures or the occurrence of non-compliant situations. For this purpose, there is a page on the website of the company dedicated to whistleblowing.

Received notifications are recorded in a special register. All notifications receive a reply within 40 days. Depending on their nature and materiality, they are reported to the Chief Executive Officer, who may decide to initiate an investigation. The annual report of the Compliance Office comprises a section which presents notifications and taken measures.

Employees and business partners can contact the Compliance Office by phone, during working hours. Ethics advisors have regular meetings with employees in order to provide consultancy on ethics and integrity.

Employees annually benefit from training programs on integrity themes. One of the themes approached by a dedicated course is whistleblowing.

The integrity warning procedure includes specific clauses that prohibit retaliation against employees who report in good faith non-compliances, breaches of procedures or norms.

XV. CORPORATE SOCIAL RESPONSIBILITY

Nuclearelectrica, the only nuclear energy producer in Romania, has a major role at national level, contributing with approx. 20 % nuclear energy to the total energy production through the operation of the two Candu units, Units 1 and 2 of the Cernavoda Nuclear Power Plant, each with an installed production power of 700 MW. At the same time, with nuclear energy being a clean source of energy (without CO2 emissions), Nuclearelectrica contributes with 33 % to the total production of energy without CO2 emissions in Romania, and thus avoids the release of approx. 10 million tons of CO2 every year.

In the period 2020-2022, Nuclearelectrica has taken on the role of strategic company, with an important role in the security of the national energy system, committing to act proactively in relation to several stakeholders. SNN constantly maps the interests and concerns of its stakeholders because sustainable development is possible only if SNN produces value for as many target groups as possible.

SNN, part of Romania's public life, contributes with its own resources to improving the quality of life in the communities targeted by CSR projects and the sponsorships granted by the company. SNN involvement in society is necessary, not only to ensure good economic results, but also to gain the respect and trust of the communities in which the company operates, contributing to the development of a sustainable and efficient Romanian society. CSR projects and sponsorships target the most urgent needs of communities and the environment, in view of actively participating in the improvement of living conditions, by supporting strategic partnerships with civil society.

Thus, investing a share of the annual profit of SNN in CSR actions and sponsorships is an integral part of the development strategy of the company for 2020-2022. The CSR and sponsorship strategy of SNN is in line with the company's business strategy, and the initiatives are correlated with the company's business goal and its important values. SNN conducts its own corporate social responsibility programs, but is also involved in supporting the initiatives of non-profit organizations in fields with social impact on three major directions: education, health and environment, but also other humanitarian and social projects.

The CSR and sponsorship strategy of SNN includes principles related to the SNN business culture, such as: economic fairness, social fairness, fair behavior, transparent relationships, integrity, moral principles, and community investments.

With its actions, SNN has set out to respond to the community's real problems, to contribute to the change for the better that the Romanian society needs for equality of chances, the increase of the standard of living and access to resources and, last but not least, for the growth of the future generation. SNN is committed to build a long-term trust relationship with employees, local communities, suppliers and partners, citizens, relationships that serve as a base for creating sustainable business models. Greater trust thus contributes to creating an environment in which SNN and its stakeholders may innovate and grow. SNN is aware that economic activities increasingly require an ethical foundation that places man, the environment and social considerations in the center of economic activity.

Objectives

Through its CSR strategy and sponsorships for the period 2020-2022, SNN seeks to achieve the following objectives:

- Creating and supporting a sustainable business model, with responsible management and global policies adapted to local issues;
- Increasing the level of trust and support for the SNN business model, and increasing the level of acceptance for the use of nuclear energy in Romania and of the company's investment projects;
- Addressing the real issues of the community;
- Developing relationships with the local community, NGOs, opinion leaders and increasing capacity at local level;
- Attracting and training young specialists;

SNN annually analyzes and implements actions planned and targeted by CSR and sponsorships, focused on several identified social problems, within the estimated budget necessary for the implementation of CSR programs and in accordance with the Company's strategy. In choosing the programs it supports, SNN contextually analyzes the communities it operates in, with the purpose of identifying the social aspects that support or, on the contrary, hinder business, and the CSR projects designed by SNN are connected to the nature of the company's business, the welfare of employees and other categories of stakeholders. SNN has a proactive approach in identifying partners and potential beneficiaries of CSR projects and sponsorships and develops a transparent decision-making process, based on clear criteria. Social responsibility, regardless of the nature of its implementation, is an integral part of the company's vision and strategy, and SNN continues to support both the local community, and the initiatives leading to innovation and continuous development.

Strategic Directions of the CSR Strategy

The CSR and sponsorship actions that SNN is involved in specifically targets projects and groups of stakeholders important for the Company's business, selected based on the beneficial impact that SNN can bring in high-risk areas, in order to resolve major social problems within the Romanian society.

In the period 2022-2022, the main guidelines for CSR actions and sponsorships, in line with the specific nature of SNN's business, and aimed at promoting development and bringing added value in the communities where the company is operating, have targeted actions in the following areas of interest: educational, medical, and environmental protection.

SN Nuclearelectrica SA launched the social responsibility platform "Nucleu de bine", which follows the company's strategic directions and vision to build a sustainable future for the next generation, both through the production of clean energy at standards of excellence, as well as through the social and economic impact it has in Romania.

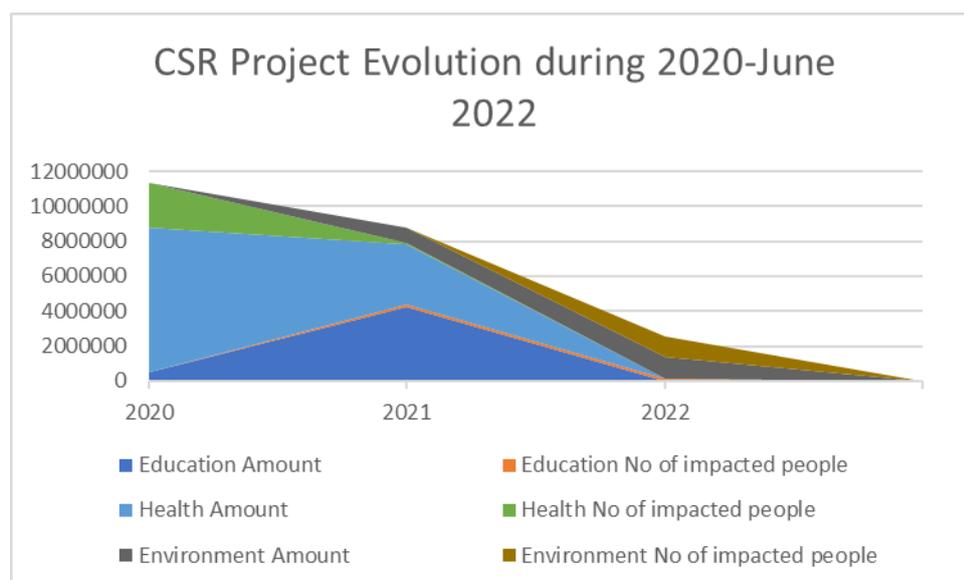
Nuclearelectrica is expanding its positive impact on society, observing the strategic direction - "empathy and responsibility". In 2022, SNN launched the "Nucleu de Bine" platform, which will incorporate both the social responsibility initiatives carried out by the company, and the projects that the company will select to sponsor.

The first stage of the campaign was aimed at offering a grant of RON 2 million to the civil society in Romania. The "Nucleu de bine" platforms targets projects and groups of stakeholders whose funding needs fall into the medical, educational and environment areas, with priority being given to the projects in the areas that the Company is operating in.

The "Nucleu de bine" platforms continues the Company's mission of generating clean energy at standards of excellence, in the area of social responsibility, in order to build a sustainable future for the generation of tomorrow.

In the period 2020-2022, the sponsorship and CSR program of SNN included the following:

	Education		Health		Environment		
	Amounts invested (RON)	Impact	Amounts invested (RON)	Impact	Amounts invested (RON)	Impact	Ha
2022	1,864,428,81	114,849 persons	1,286,759,45	1,191 persons	1,235,975	1,200,000 persons	-
2021	4,245,470.15	124,130 persons	3,485,499.27	51,516 persons	845,45	61,853 persons	18
2020	509,812	6,025 persons	8,254,040	2,563,000 persons	-	-	-



XVI. COMMUNICATION

The communication strategy of SNN for the period 2020-2022 aims to coordinate the communication actions on SMART goals, derived from the strategic goals of the company, set out in the Management Plan, in order to increase the positive image of the company, its most favorable position on the energy market and on the capital market, to maintain a high level of understanding of all categories of audience by facilitating access to information and integrated, complex communication with the role of added value. The actions corresponding to the CIRD derived goals are quantified by analyzing the image indicators and sub-indicators, correlated with the type and nature of the information and adjusted according to the needs, in order to allow the achievement of the targets set within the SMART goals and the percentages allocated to the image indicators and sub-indicators.

The communication activity of SNN SA was carried out in an integrated manner on three major areas:

1. INTERNAL COMMUNICATION
2. EXTERNAL COMMUNICATION,
3. COMMUNICATION WITH SHAREHOLDERS/INVESTORS (INVESTOR RELATION)

Internal communication focused on informing employees and increasing the degree of internal cohesion and adherence to the mission, vision and values of the organization, in order to increase the performance of the organization by facilitating the understanding of its directions of action and the involvement of its employees. Internal communication focused on building and promoting an organizational culture based on performance, meritocracy and continuous training. SNN has implemented a series of internal campaigns and actions to increase the level of internal cohesion, the level of information and involvement, recognition and capitalization of employees, resulting from the organizational diagnosis project Performer run in the period 2018-2019.

External communication also has two sub-components:

- **corporate communication** (corporate promotion and individualization of the management image and communication with investors, as part of corporate governance), and
- **communication related to increasing the level of acceptance towards nuclear energy of all public segments.** The two components of external communication are interrelated and mutually decisive. Effective internal communication also operates as an extension of corporate management communication.

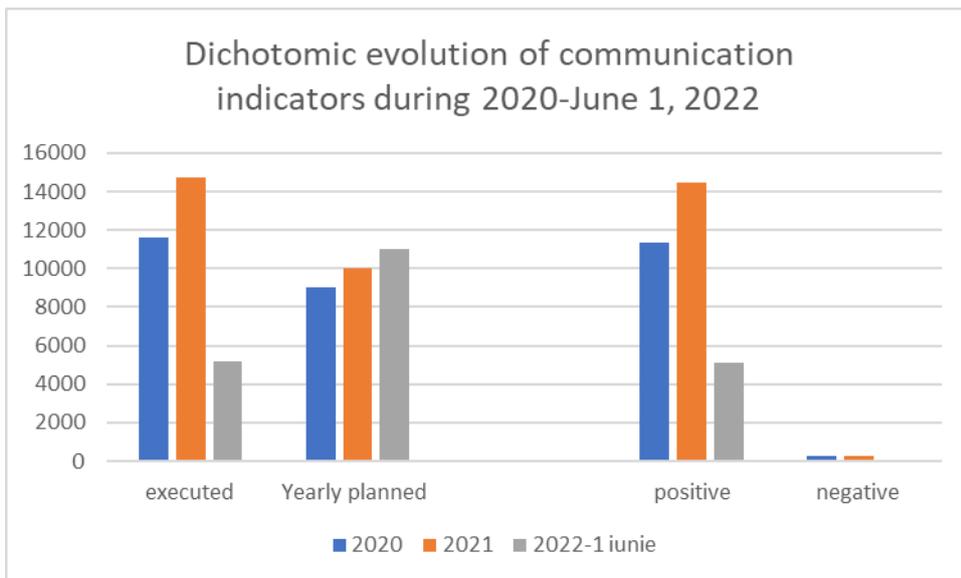
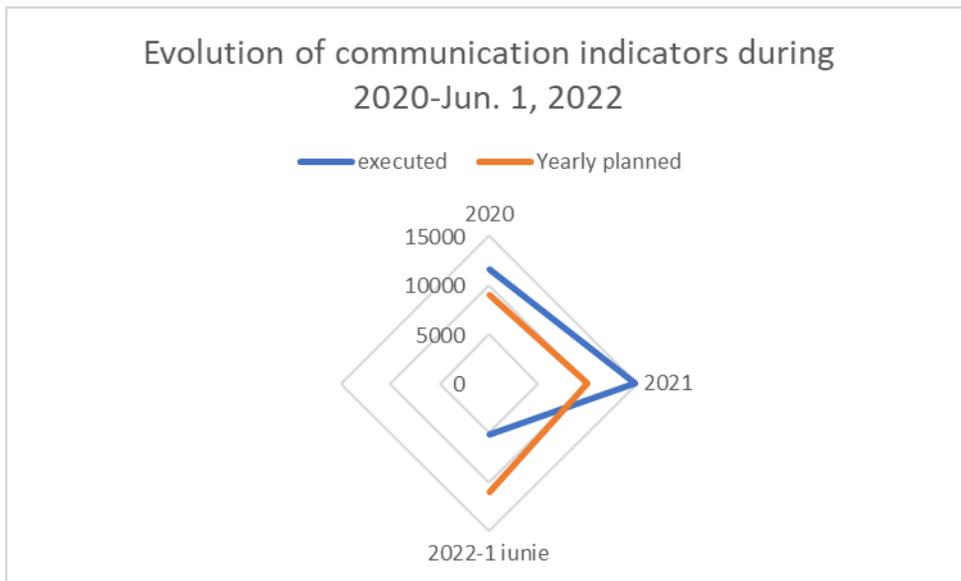
The communication with the shareholders/investors is carried out according to the legal regulations in force, as such are laid down by ASF Regulations, Law 24/2017 on the capital market, OUG 109/2011, Law 31/1990 and the Code of Bucharest Stock Exchange on corporate governance and the communication goals set by the company in order to respond in a complex and transparent manner to the interest of shareholders and investors of SNN.

Furthermore, the communication function within SNN, is correlated with the principles of corporate governance in order to ensure: a) internally, a fluent, coherent informational flow that allows the development of processes and the performance of activities efficiently, on time, through information that is correct and adequate to the purpose, and b) externally, by provision all stakeholders with the information that is correct, related to the context, and complete, in order to facilitate the understanding of the company, its strategic directions of action, investment projects, results and medium and long-term implications.

SNN applies a symmetrical bidirectional communication system, and adjusts the communication cycle in order to include and capitalize on the opinion of interested categories. Furthermore, SNN conducts opinion polls every two year, in order to obtain relevant information about the perception and information needs of the population. The information obtained is then included in the communication cycle, in order to meet the information needs.

The categories of image indicators of SNN are: Efficiency of Nuclear Energy in the National System, Nuclear safety, Competence, Internal and International Cooperation, Community, Investor Relation. Based on these image indicators, SNN develops and adjusts its communication cycle.

Evolution in the media of the image indicators of SNN in the period 2020-June 1, 2022

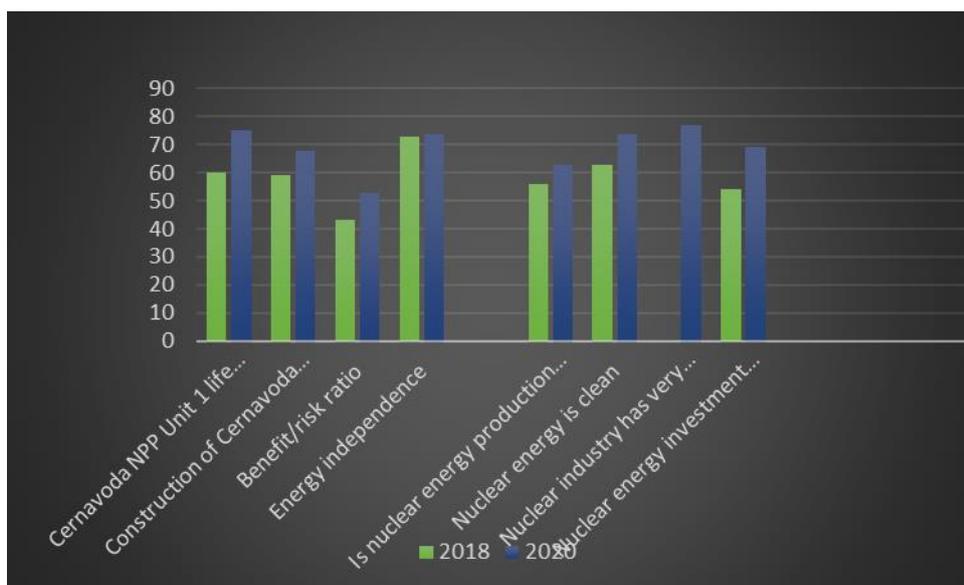


Evolution of the communication function of SNN at the level of public perception:

**Evolution of public perception about energy and the investment projects of Nuclearelectrica
Comparison in the period 2018-2020**

TOPIC	2018	2020
Extension of the life cycle of Unit 1 of Cernavoda NPP	60 %	75 %

Construction of Units 3 and 4 of Cernavoda NPP	59 % 67 % have a positive attitude towards the development of projects in the energy field	68 % 87 % have a positive attitude towards the development of projects in the energy field
Benefit/Risk Ratio	43 % consider that the benefits are greater than the risks	53 % consider that the benefits are greater than the risks
Energetic independence	73 %	74 %
Is the production of nuclear power a safe process?	56 %	63 %
Nuclear energy is clean	63 %	74 %
The nuclear industry has very good specialists		77 %
Investments in nuclear energy help the economy grow	54 %	69 %
Partnership between the Government of Romania and the U.S. Government	20 %	71 %

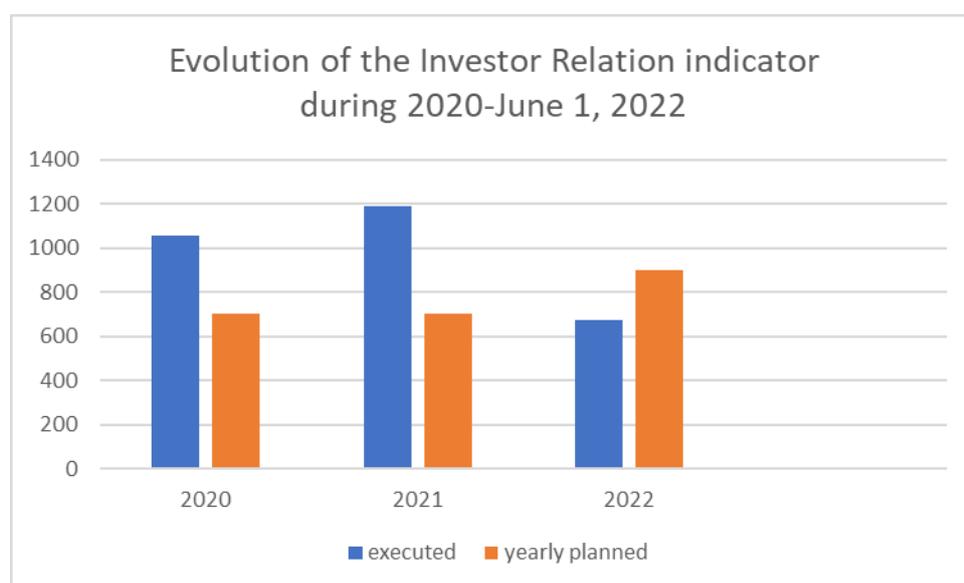


XVII. INVESTOR RELATION

Within SNN, Investor Relation is a mix of strategic functions including communication, finance, aspects of capital market legislation and corporate governance, a mix of functions whose purpose is to coordinate and control the flow of information between the company and investors, its shareholders. The major goal is to establish relationships based on trust and respect between the company and investors, shareholders, reflecting the fundamental values of the company, providing the community of investors with financial information, about investments, projects, the energy market, on time and in a completely transparent manner, so that the decision to invest or evaluate the company is based on correct and relevant data, maintaining the liaison, the interface between the management of the company and the community of investors and shareholders, creating and developing communication channels with them that meet their needs. The goal of SNN and the IR structure is to maintain and develop the level of trust placed in the company, to increase the level of market responsiveness towards the company, to add value for shareholders and investors. The IR function ensures that the company's shares are traded fairly by sharing key information allowing the investors to assess their investment decision just as fairly.

Correlated with the communication strategy of SNN, Investor Relation is achieved in a symmetrical bidirectional system, focused on feedback and, implicitly, on the constant development of the Investor Relation and envisages: meetings with shareholders and investors, organization of conferences, private meetings with shareholders, tele- and videoconferences, management of the dedicated section on the website of the company, facilitated access to relevant information about the activities of the company and the reports elaborated by the latter, communication of the corporate governance policies of the company, communication of information with impact both on the company and its shareholders and investors.

The purpose is an efficient communication, adjusted based on the market feedback, allowing shareholders to comprehend and assess, based on objective information, sent in real time, the changes occurred on the trading templates, the development trends of the company, the information with an impact on the risk management strategies.



Actions of communication with shareholders and investors in the period 2020-2022

- Organization of meetings with the investors for the presentation of the annual financial results;
- Organization of teleconferences, in compliance with the financial schedule of the Company;
- Development of an app intended for shareholders and investors
- Posting of presentations and audio recordings from teleconferences with investors on the SNN website;
- Prompt transmission of information upon the request of the shareholders, potential investors and participants in the capital market;
- Participation in conferences organized by third parties on the Romanian capital market and presentation of the financial results and company development opportunities
- Participation of the company representatives in informative seminars organized by the relevant authorities for the improvement of corporate governance and development of transparency towards the shareholders;
- The organization of the General Meetings of Shareholders and other actions related to guaranteeing the shareholders' rights: distributing dividends related to financial year 2020;
- Collection information, elaboration and verification of the current reports, the transmission thereof to the relevant authorities (BSE and ASF) and the publishing thereof on the website of the company, in full observance of the deadlines imposed by the applicable law;
- Attending training courses and discussion sessions on the corporate governance standards, communication platforms with investors and other instruments provided by the capital market authorities;
- Constant updating of information on the SNN website for improving the shareholders' and investors' access to relevant information and facilitating the understanding and profitability of acquiring the capacity of SNN shareholder;
- Adopting international best practices

SNN has obtained annually, since 2020 to date, grade 10 in the VEKTOR assessment, conducted by ARIR, and in 2018 the REB award for the best IR strategy of a listed company, in 2019 the award for the best company in IR, and the best company in IR - choice of retail investors, and in 2020 the award for the best company in IR

ANNEX 1 - YES - BoD DECISIONS approving the initiation of the procedures for the purchase of products, services or works, the estimated value of which is equal to or greater than EUR 5,000,000, without VAT

	BoD Decision	Procurement Scope	Estimated Value (without VAT)	Awarding Procedure
17	135/July 23, 2020	Bar and flat belt (sheet) made of Zircaloy-4	EUR 5,199,080	Open Tender
18	156/July 23, 2020	Engineering services in view of assessing and documenting the project changes to be implemented upon the Refurbishment of Unit 1 of Cernavoda NPP, so as to ensure the integrity of the nuclear safety envelope of the project	EUR 15,125,360	Negotiation without prior invitation to a competitive tendering procedure
19	157/July 23, 2020	Migration services from version 6.0.4 to version 9, technical support and supplement to the number of licenses for the ABB Asset Suite application	EUR 11,015,723	Negotiation without prior invitation to a competitive tendering procedure
20	195/October 15, 2020	Replacing the Rotor of the Main Electric Generator 2-4121-G02 from Unit 2 of Cernavoda NPP, with a new Rotor	USD 25,000,000	Negotiation without prior invitation to a competitive tendering procedure
21	196/October 15, 2020	Improving the reliability of the electric generator 1-4121-G01, by replacing the stator coil	USD 23,000,000	Negotiation without prior invitation to a competitive tendering procedure
22	217/November 9, 2020	Continuation of the execution and completion of the works required to change the intended use of the existing constructions found on the site of Unit 5, from that of a nuclear power plant, to that of other support objectives, useful during the lifetime of Units 1 and 2 in operation, and the future Units 3 and 4 of Cernavoda NPP, with the purpose of ensuring their operation under nuclear safety conditions and the fulfilment of all legal requirements	RON 82,987,868	Open Tender
23	224/November 9, 2020	Spent Fuel Storage Baskets, Lower Stainless Steel Ring Assemblies and Upper Stainless Steel Ring Assemblies pertaining to Modules 12÷17 of the Interim Spent Fuel Storage Facility (DICA)	RON 30,300,000	Open Tender
24	233/December 15, 2020	U ₃ O ₈ (natural uranium technical concentrate) with a minimum	USD 24,310,000	Open Tender

		uranium content of 65 %		
25	15/February 24, 2021	Migration services from version 6.0.4 to version 9, technical support and supplement to the number of licenses for the ABB Asset Suite application	EUR 6,424,953	Open Tender
26	16/February 24, 2021	440 MVA, 415/24 kV power output transformers	EUR 7,000,000	Open Tender
27	94/May 14, 2021	Batch 1 - Zircaloy-4 Tubes, and Batch 2 - Zircaloy-4 rectangular wire	USD 19,335,527	Open Tender
28	119/July 26, 2021	Lifetime Assessment, Inspection and Maintenance Services regarding the Steam Generators of Cernavoda NPP, Unit 1, in the period 2022-2027, and regarding the Steam Generators of Unit 2 in the period 2022-2032, respectively	CAD 49,480,608.60	Negotiation without prior invitation to a competitive tendering procedure
29	137/August 10, 2021	Continuation of the execution and completion of the works required to change the intended use of the existing constructions found on the site of Unit 5, from that of a nuclear power plant, to that of other support objectives, useful during the lifetime of Units 1 and 2 in operation, and the future Units 3 and 4 of Cernavoda NPP, with the purpose of ensuring their operation under nuclear safety conditions and the fulfilment of all legal requirements	RON 112,314,612.09	Open Tender
30	140/August 23, 2021	Services of manual and mechanized handling of products in the Cernavoda NPP warehouses	RON 27,750,565.20	Open Tender
31	169/October 5, 2021	Migration services from version 6.0.4 to version 9, technical support and supplement to the number of licenses for the ABB Asset Suite application - Value supplement	+ EUR 637,534.18	Open Tender
32	217/December 21, 2021	Complete services (engineering and implementation) for Unit 1 of Cernavoda NPP, for the maximum movement of the free end of some fuel channels, and for changing the fuel channel project to ensure sufficient operating margin up to 245,000 EFPH	CAD 7,877,221.38	Negotiation without prior invitation to a competitive tendering procedure
33	28/February 22, 2022	U ₃ O ₈ (natural uranium technical concentrate) with a minimum uranium content of 65 %	USD 180,000,000	Open Tender

ANNEX 2 - BoD DECISIONS approving the contracts for the purchase of products, services or works, as a result of the procedures conducted, the

estimated value of which is equal to or greater than EUR 5,000,000, without VAT

	BoD Decision	Scope of Contract	Contract Value (without VAT)	Contractor
8	104/May 28, 2020	Services of consultancy, engineering and supervision and monitoring the contractor for the implementation of project: Tritium removal installation at Cernavoda NPP	EUR 14,563,430	Association ICSI Rm. Valcea – Kinectrics Nuclear Romania SRL

ANNEX 3 - BoD DECISIONS approving the Quarterly Information Reports regarding the purchase of goods, services and works the value of which is higher than EUR 500,000/purchase (for purchases of goods and works), and EUR 100,000/purchase (for services)

	BoD Decision	Reference Period
1	5/January 30, 2020	Quarter 4 of 2019
2	84/May 8, 2020	Quarter 1 of 2020
3	143/July 23, 2020	Quarter 2 of 2020
4	211/October 15, 2020	Quarter 3 of 2020
5	5/January 19, 2021	Quarter 4 of 2020
6	63/April 17, 2021	Quarter 1 of 2021
7	118/July 26, 2021	Quarter 2 of 2021
8	177/October 20, 2021	Quarter 3 of 2021
9	09/January 27, 2022	Quarter 4 of 2021
10	103/May 31, 2022	Quarter 1 of 2022

Annex 4 - SITUATION OF SIGNIFICANT DISPUTES THAT S.N. NUCLEARELECTRICA S.A. IS INVOLVED IN

Dispute initiated by Greenpeace

1. **In the first instance**, file no. 3793/2/2013 (Bucharest Court of Appeal, Section VIII - Administrative Division) was initiated by the plaintiffs Greenpeace CEE Romania Foundation and Bankwatch Romania Association, the defendants being S.N. Nuclearelectrica, the Ministry of Environment, Waters and Forests and the Government of Romania.

The plaintiffs initially requested the annulment of the decision to issue the Draft Environmental Agreement and the Environmental Agreement, but then, with the complementary petition, they specified their claim, requesting the annulment of the Environmental Agreement approved by HG 737/2013 on the project "Continuation of the construction and completion works of Units and 3 and 4 of Cernavoda NPP".

The plaintiffs requested the administration of the evidence with expertise, but they could not identify specialists to respond to the objectives of the expertise according to their own requests. For this reason, the court rejected the demand for evidence with expertise requested by the plaintiffs, and on the merits, it dismissed as unfounded the writ of summons. (civil decision no. 1436/2014)

2. **The decision was contested with a second appeal** by Greenpeace, which requested that the case be quashed and sent back to the Bucharest Court of Appeal. With Civil Decision No. 2100 of June 23, 2016, the High Court of Cassation and Justice, the Administrative and Tax Section admitted the second appeal, retaining in the motivation for quashing: failure to carry out the expertise and failure to check the conditions for public consultation.

In the second procedural cycle:

1. The case was subject to a new trial on the merits before the CAB [*Bucharest Court of Appeal*] under no. 3793/2/2013*. In compliance with the provisions of the ICCJ, the court (CAB), in the retrial, SNN submitted a series of criticisms and specifications regarding the 9 objectives formulated vaguely and with no knowledge of the legislation applicable in the case, by the plaintiffs.

As a result, the court admitted the specifications of SNN, and the objectives were reformulated. With the hearing report dated February 24, 2017, the Bucharest Court of Appeal admitted the evidence with expertise proposed by the plaintiff Greenpeace with the objectives reformulated by SNN for conducting a multidisciplinary expertise in biodiversity, environmental protection and nuclear technology.

Objective No. 1: Checking the documentation regarding the assessment of the impact on Natura 2000 sites in the vicinity of the proposed project;- biodiversity expert

Objective No. 2: Checking the documentation regarding the assessment of the impact of the project on the protected species in its vicinity, according to Order 19/2010 on the achievement of the adequate assessment; - biodiversity expert

Objective No. 3: Checking the documentation regarding the assessment of the impact of the project on the protected species in its vicinity in the situation of operation with 4 nuclear reactors; - biodiversity expert

Objective No. 4: Checking the documentation regarding the assessment of the impact of the project on the environmental factors under normal operating conditions; - expert in the nuclear field with nuclear knowledge in radiological protection.

The court appointed 2 judicial experts, one in the field of ecology and environmental protection, and the other in energy. In addition, it has admitted the specialist designated by the "Horia Hulubei" Institute of Physics for nuclear technology, and the one designated by the GeoEcoMar Institute for the field of biodiversity. It requested from CNCAN the appointment of a specialist in the nuclear and regulatory field. Greenpeace refused to pay the provisional fee to the experts.

SNN submitted written and oral conclusions on all 18 grounds of the claim, and detailed the domestic and international consultation procedure related to the environmental impact assessment.

On June 9, 2017, the court settled the case and dismissed the writ of summons as unfounded, with the decision being contested with a second appeal by the plaintiffs.

2. In the **second appeal for retrial**, the High Court of Cassation and Justice validated SNN's arguments, and the reasoning of the court of first instance, and dismissed the second appeal of the plaintiffs as unfounded. (Decision No. 3056/2020)

The file was complex, long-lasting (2013-2020) and with a particularly important impact on the project of Units 3-4, considering that the annulment of the Environmental Agreement approved by HG 737/2013 on the project ""Continuation of the construction and completion works of Units and 3 and 4 of Cernavoda NPP", was requested.

Disputes initiated by the National Company Nuclearelectrica S.A. against the National Energy Regulatory Authority "ANRE"

S.N. Nuclearelectrica S.A. initiated the action of suspending ANRE Order 216/11.12.2019 for approving the Methodology for setting prices for the electricity sold by producers based on regulated contracts and the quantities of electricity from the regulated contracts concluded by producers with last-instance suppliers and for setting maximum electricity quantities that may be imposed as sale obligations based on regulated contracts - File no. 7222/2/2019. The court approved the SNN petition and ordered the suspension of the enforcement of ANRE Order No. 216/December 11, 2019 until the ruling of the court of first instance. Judgment No. 132/02.03.2020 is legally enforceable. Against this judgment, ANRE filed an appeal, settled by the High Court of Cassation and Justice, by Resolution No. 5713/November 4, 2020, namely it approved the exception of the lack of interest in supporting the appeal, invoked by the appellee - plaintiff SNN and dismissed the appeal filed by defendant ANRE against Civil judgment No. 132/March 2, 2020, ruled by the Court of Appeal of Bucharest - Section IX - administrative and fiscal unit, for lack of interest (final).

S.N. Nuclearelectrica S.A. initiated the action of cancelling ANRE Order 216/December 11, 2019 for approving the Methodology for setting prices for the electricity sold by producers based on regulated contracts and the quantities of electricity from the regulated contracts concluded by producers with last-instance suppliers and for setting maximum electricity quantities that may be imposed as sale obligations based on regulated contracts ("ANRE order No. 216/December 11, 2019") - **File No. 97/2/2020**. In the Current Report published on August 3, 2020, SNN informed the shareholders and investors of the notification on the court portal, of the dismissal of the petition for the annulment of ANRE Order No. 216/December 11, 2019. The judgment of the Bucharest Court of Appeal was appealed within the legal timeframe, being registered pending with the High Court of Cassation and Justice, with the case pending pronouncement.

S.N. Nuclearelectrica S.A. initiated the action to cancel ANRE Order No. 12/March 30, 2016 on the approval of the performance Standard for the electricity transmission service and for the system service (published in the Official Gazette No. 279/April 13, 2016) – **File No. 2659/2/2020**, recorded pending with

Bucharest Court of Appeal, Division IX of the administrative and tax Court. The court rejected the application for the recovery of the material right to action within the statute of limitation as ungrounded, and allowed the exception of the delay in submitting the application and partially approved the application for notifying the Constitutional Court and ordered its notification with the solution of the non-constitutionality exception of the provisions of Art. 5 par. 7 of OUG No. 33/2017 amending and supplementing Electricity Law No. 13/2007 and Gas Law No. 351/2004, approved by Law No. 160 of October 2, 2012. SNN filed a second appeal against this judgment and the High Court of Cassation and Justice granted a hearing for **November 15, 2022**.

S.N. Nuclearelectrica S.A initiated the action of canceling and suspending the enforcement of ANRE Order no. 88/2020 for the approval of the pricing Methodology for the regulated fees and prices charged by last-instance providers to end customers for the period July 1 - December 31, 2020, amending and supplementing the electricity sale-purchase framework agreement concluded between electricity producers and last-instance providers, approved by Order of the President of the National Energy Regulatory Authority No. 34/2019 - **File No. 3570/2/2020** registered with the Bucharest Court of Appeal. At the hearing of December 17, 2020, the court rejected the application to suspend the implementation. By Judgment No. 247 of 04.03.2021, the court rejected the case as unfounded. First hearing in the appeal: 19.01.2023.

The litigation initiated by S.N. Nuclearelectrica S.A. regarding certain measures of regulating the facilities granted to pensioners from the electricity sector

S.N. Nuclearelectrica S.A initiated the action of suspending the implementation, the cancellation of Government Resolution no. 1041/2003 on certain measures of regulating facilities granted to pensioners from the electricity sector, as amended, and Government Resolution no. 1461/2003 for amending and supplementing Government Resolution no. 1041/2003 on certain measures of regulating facilities granted to pensioners from the electricity sector and the order to pay damage compensations of 820,422.44 RON, resulted from the application in the last three years of Government Resolution no. 1041/2003 and Government Resolution no. 1461/2003 – File no. 4419/2/2021 submitted with the Bucharest Court of Appeal Section VIII for Administrative and Fiscal Litigations. The court of first instance dismissed the action, and the decision is to be appealed.

The litigation initiated by the Trade Union of Cernavoda NPP and employees of Cernavoda NPP Branch

Pending with Constanta Tribunal, a case was filed against SNN, No. 5802/118/2017, contemplating unpaid salary entitlements, representing the equivalent value of the occupational risk (hazardous conditions) bonus, the plaintiff being the Cernavoda NPP Trade Union on behalf of 757 employees of Cernavoda NPP Branch.

In the case, it was ruled for a specialized accounting expertise to be conducted, with the expert responding to the objections formulated against the Accounting Expertise Report. The following hearing date is set for **September 16, 2022**

The dispute initiated by Energetica Nucleara '90 Free Trade Union and employees of the Cernavoda NPP Branch

On the docket of the Constanta Court, a case was filed against SNN, no. 7036/118/2017, and its scope is unpaid salary rights, representing the equivalent value of the occupational risk (hazardous conditions) bonus, the payment of this bonus corresponding to the last 3 years, as well as the express indication of the bonuses and their values in the individual employment agreements of all claimant employees, and the plaintiff is the Energetica Nucleara '90 Free Trade Union, on behalf of 291 employees of the Cernavoda NPP Branch.

In the case, documentary evidence, accounting expertise, and technical expertise were administered.

- documentary evidence for both parties, intimating S.N. Nuclearelectrica S.A. to submit to the case file (i) the half-yearly reports submitted to CNCAN according to the Individual Dosimetry Norm dated September 5, 2002, (ii) the document containing the nominal identification of Cernavoda NPP personnel regarding the mandatory classification by categories (A and B) of professionally exposed persons; and (iii) the document presenting the actual enforcement of Art. 104 par. (1) of the Fundamental Norm for Radiological Safety (to the extent such exist);
- the evidence for the accounting expertise having as objectives (i) to establish whether as of June 1, 2000 the 10-30 % bonus for professional risk was included in the basic salary, (ii) to establish the percentage by which the basic salary increased for each category of employees, (iii) to determine whether the new salary grid applied since 2000 is still effective, (iv) to determine the recalculated value of the salary of each plaintiff, should the bonus referred to in H.G. No. 655/1990 be granted, (v) to establish the salary differences due by applying these bonuses and the actual salary collected.
- the technical expertise having as objective the classification in radiological risk categories. The expertise was performed by CITON. Both parties formulated objections to the Technical Expertise Report made by CITON, and requested that the report be redone with the involvement of CNCAN specialists. The court dismissed the objections of both parties.

The dispute was settled in favor of SNN, the court of first instance dismissed the plaintiffs' action as unfounded. The solution may be appealed.

The dispute initiated by S.N. Nuclearelectrica S.A. against the Seimeni UAT [Administrative and Territorial Unit] regarding the land corresponding to the hot water evacuation canals from Cernavoda NPP.

On March 10, 2020, SNN registered before the Constanta Tribunal - file no. 1506/118/2020, the claim whereby it requested the court to find: the non-existence of its private property right over the land outside the built-up areas with an area of 300,000 sq. m. corresponding to the investment "hot water evacuation canal from NPP", the public property right of the State over the land in question, as well as the SNN's right of usage, free of charge, over the land public property of the State, or, alternatively, the SNN's right of usage, free of charge, over the land public or private property or the right of legal easement for the land located in the protection and safety zones. The court of first instance admitted the exception of illegality of HCL 7/2009 Seimeni ATU and ruled the deregistration from the Real Estate Register of the private property right of Seimeni ATU. The decision may be appealed.