

Policies, Risk Management and the Results Obtained

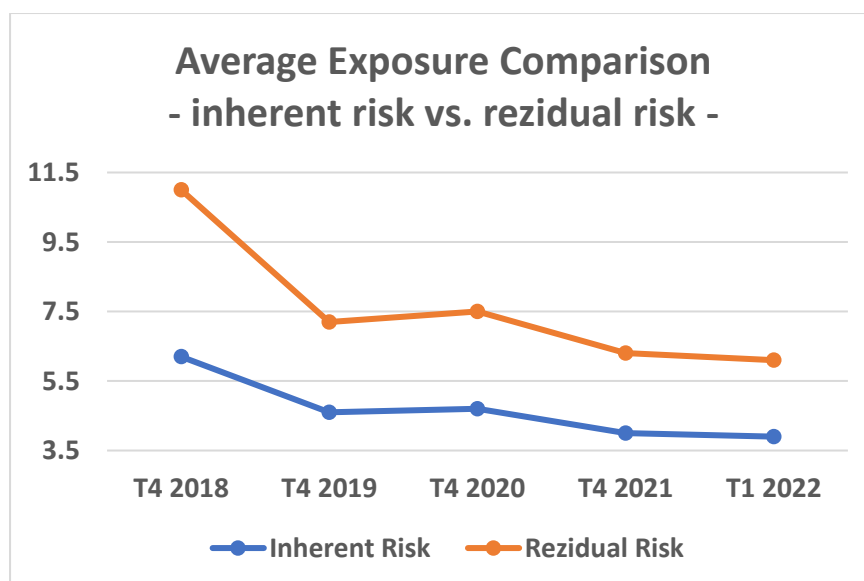
SNN is providing the methodical and methodological organization of the risk management function across the entire organization, as an integral part of the nuclear safety culture, but also in order to achieve the operating goals proposed under conditions of safety and economic efficiency.

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).

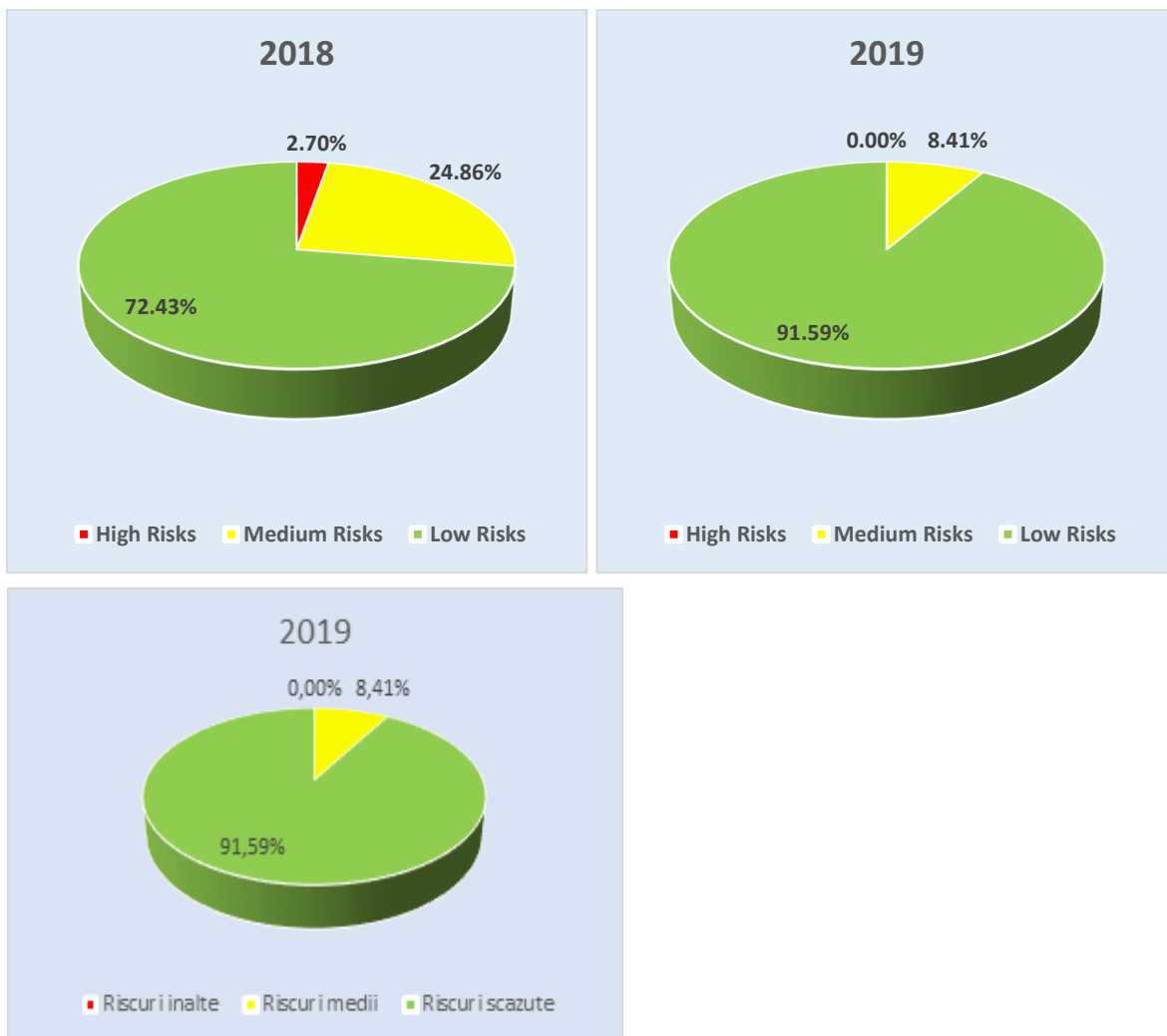
Starting with 2018, the risk management function was reorganized at company level, including and periodically analyzing the risks identified and assessed by the structures in the Branches and the Head Office. The sustained efforts to implement the risk management culture across the entire company, the 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.

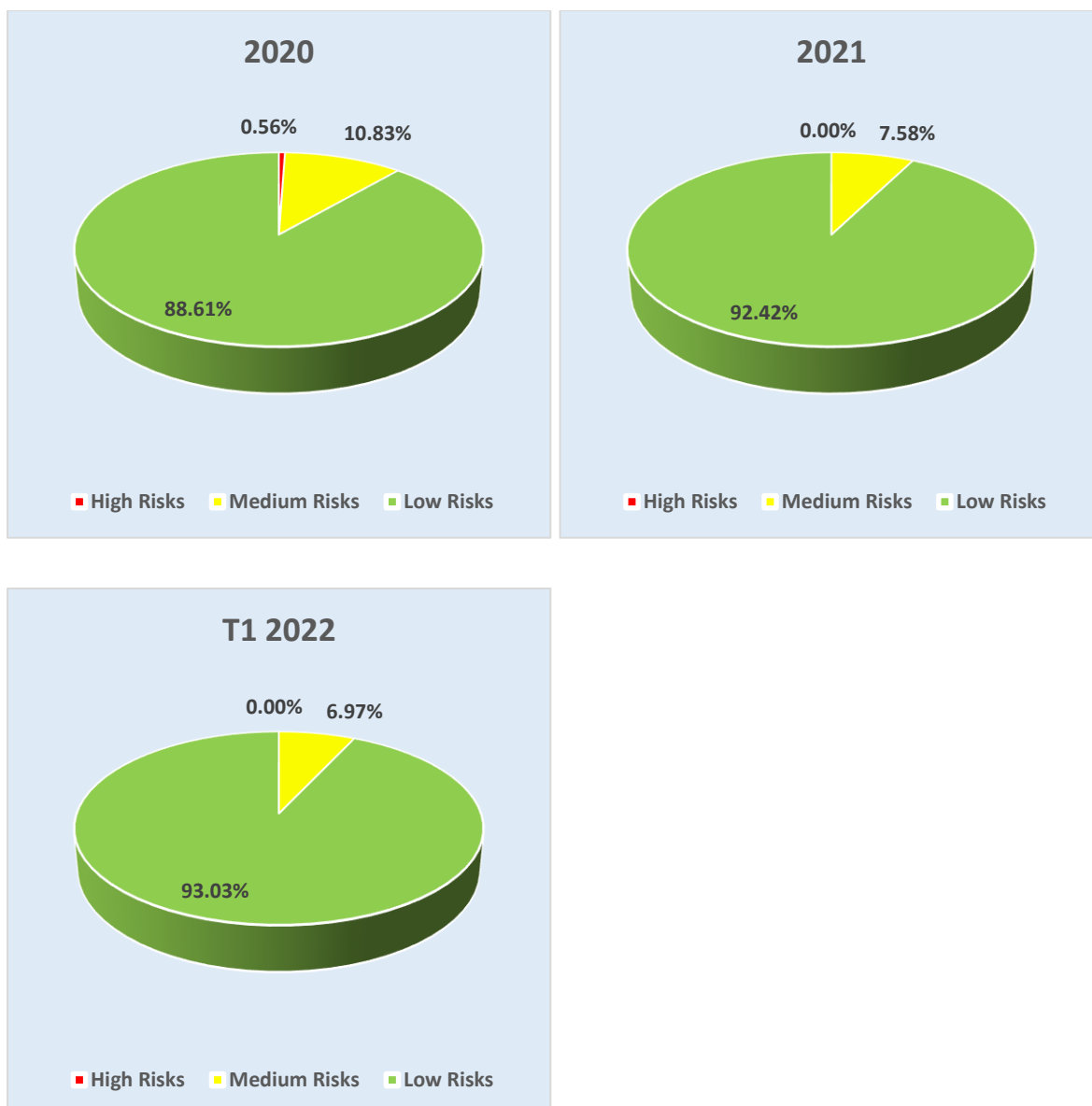


The same trend is observed in the pie-chart representations that illustrate the weight of small, medium

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.



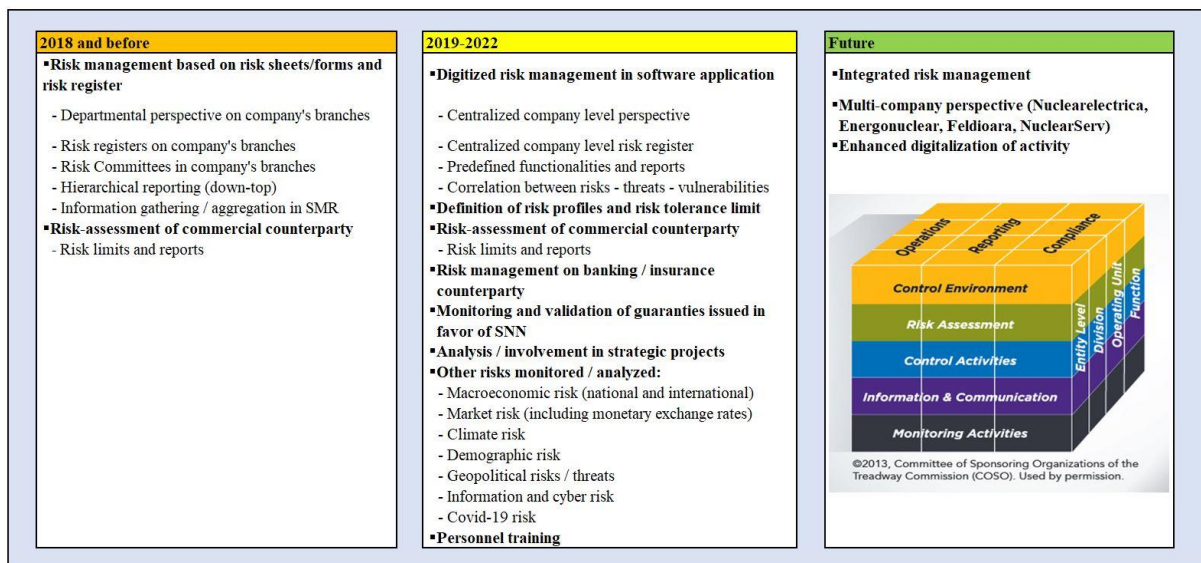


In order to achieve the goal of developing and improving the risk reporting, control and management capabilities, the RMS has implemented a series of continuous actions/measures intended to improve the risk management framework, of which we include:

- 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 NFP.
- 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 guarantees 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.

