



S.N. NUCLEARELECTRICA S.A.

ANNUAL REPORT

2022

COMPANY MANAGED UNDER SINGLE-TIER SYSTEM

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1. BASIS OF THE REPORT

The Annual Report of the Board of Directors of S.N. Nuclearelectrica S.A. for the financial year ended on 31 December 2022 was prepared in observance of:

- ❖ Chapter III of the Order of the Minister of Public Finance no. 2844/2016 for approval of Accounting Regulations compliant with the International Financial Reporting Standards, as subsequently amended and supplemented.
- ❖ Article 65 of Law no. 24/2017, republished on 10 August 2021, regarding issuers of financial instruments and market operations.
- ❖ Appendix no. 15 of the Regulation no. 5/2018 regarding issuers of financial instruments and market operations, as subsequently amended and supplemented, issued by the Financial Supervisory Authority.
- ❖ Article 56 of the Government Emergency Ordinance no. 109/2011 on the corporate governance of public undertakings, as subsequently amended and supplemented.
- ❖ Article 53(5.3.1)(f) of the Mandate Contracts valid on 31 December 2022, concluded between the Directors and S.N. Nuclearelectrica S.A.
- ❖ Article 20(3)(d) of the Articles of Incorporation of S.N. Nuclearelectrica S.A.

2. IDENTIFICATION DATA

Date of report:	17 March 2023
Name of the issuer:	S.N. Nuclearelectrica S.A. (“SNN”)
Headquarters:	Bucharest, Sector 1, Str. Polonă, Nr. 65
Phone/fax number:	+40 21 203 8200; +40 21 316 9400
Web:	www.nuclearelectrica.ro
Email:	office@nuclearelectrica.ro
Single Code of Registration	10874881
Number of registration with the Trade Register:	J40/7403/1998
Subscribed and paid-up share capital:	RON 3,016,438,940
Regulated market on which the issued securities are traded:	Bucharest Stock Exchange (www.bvb.ro) Premium category
The main characteristics of securities issued:	301,643,894 shares, nominal value of RON 10/share, dematerialized form, registered, ordinary, indivisible, with equal rights to vote, freely tradable with Bucharest Stock Exchange under SNN symbol of 4 November 2013

3. MESSAGE OF THE BOARD OF DIRECTORS

The Board of Directors of National Company Nuclearelectrica S.A. welcomes the financial and production results at the end 2022, the outcome of a complex management that aimed to maintain electricity generation at a high level of performance, skilful use of the energy market mechanisms and smart financial policies, while giving priority to nuclear safety in all decision-making.

Nuclearelectrica S.A., with two nuclear reactors in operation, ensures approximately 18%-20% of domestic electricity generation, and 33% of the electricity generated without greenhouse gas emissions. Thus, the release of approximately 5 million tons of CO₂/year/unit was avoided, i.e., approximately 205 million tons since the commissioning of the first nuclear reactor of Cernavodă NPP.

The developments of the last year allow us to be more confident that the major projects of the Company will be successfully completed, under a broad Euro-Atlantic partnership, but also campaigning for a significant participation of the national industry. Thus, extension of the lifetime of Unit 1 of Cernavodă NPP, the project of Units 3 and 4, and the project of small modular reactors will make a substantial contribution to attainment of the environmental targets assumed by Romania, but also to consolidation of energy safety and well-being at the national and regional level.

Initiation of innovative projects is proof of the intention to further develop the concerns of Nuclearelectrica's management, with both a positive business impact, and substantial social benefits. The next generation of small modular reactors shows the Company's vision as to identification of feasible technical solutions for development of a peaceful use of nuclear energy by 2030.

In today's Romania, nuclear industry secures direct and indirect employment for 11,000 people, and reports a turnover of EUR 590 million. The continued investments in the nuclear sector, by kicking off new nuclear projects, would increase the jobs provided up to 19,000 with effects on reindustrialization and economic growth for the horizontal industry, retainment of highly skilled workforce, boosting research, education and engineering, and providing Romania with a competitive edge in Europe.

Globally, according to the data published in the McKinsey analysis, published in January 2022, USD 275 trillion, or approximately USD 9.2 trillion/year, are the funds needed for physical assets during the transition period by 2050. Without investments in nuclear industry, the cost of transition to a sustainable economy increases by USD 1.6 trillion, according to the report of the International Energy Agency (IEA), published in May 2019.

According to the report of the International Energy Agency (IEA), in cooperation with the Nuclear Energy Agency (OECD-NEA) of 2020 regarding the costs of electricity, the refurbishment of the nuclear units has the lowest electricity cost among all power sources - on average USD 32/MWh (compared to USD 50/MWh for wind power; USD 56/MWh for solar panels; USD 91/MWh for coal-fired power stations). The cost of power generated by

new, large nuclear capacities is USD 69/MWh, while the cost of power generated by NuScale Small Modular Reactors (SMRs) is USD 64/MWh, at US labour costs.

The UNECE (The United Nations Economic Commission for Europe) report published in August 2021 states that the use of nuclear energy has prevented emission of 74 gigatons of carbon dioxide over the past 50 years, the equivalent of the total global emissions related of the energy sector during a two-year period. The CO2 emission reduction targets cannot be attained unless nuclear energy is included in the energy portfolio intended at putting an end to climate change.

Nuclear energy is an important component also of the Sustainable Recovery Plan produced by the International Energy Agency and the International Monetary Fund and launched in July 2020, both in terms of lifetime extension programmes and the new constructions particularly in the field of small modular reactors, with nuclear power qualified as irreplaceable for reaching the growth target in the aftermath of the economic crisis of 1.1% in the following years, providing economic support with creation of nine million new jobs and reduction of the CO2 emissions by 4.5 billion tons by 2030 compared to the base year 2019.

NuclearEurope, Pathways to 2050 Report, published in November 2021, shows that if the share of renewable energy increases by 190% and the nuclear capacities installed across the EU remain unchanged by 2050, Europe will end up being 26% dependent on gas and 12% coal, both sources with CO2 emissions.

Romania, through Nuclearelectrica S.A., pipelines 3 major complementary investment projects, namely Refurbishment of Unit 1 of Cernavodă NPP fully managed by SNN, the CANDU units project and SMRs in cooperation with American partners. The first two provide clean energy, in-band, implicitly security in the provision and availability of the energetic system, and the SMRs flexibility, the opportunity to protect economically and socially the areas with coal-fired power stations decommissioned, local development, workplaces. A SMR can make what a high-capacity reactor cannot, and thus, an essential balance has been struck between them in production and response to decarbonization and energetic system or zonal needs.

At the national level, it is important to be mindful of the available resources, the consumption forecasts, the regional and international context, the human resources and the available or raisable investment capital. We must also focus our energy programme on the 6 objectives of the Taxonomy for Sustainable Financing: (1) climate change mitigation, (2) climate change adaptation, (3) sustainable use and protection of water and marine resources, (4) transition to a circular economy, (5) pollution prevention and control, and (6) protection and restoration of biodiversity with a view to maximizing the chances of raising capital on the market.

In this context, investments in clean capacities, the focus on innovation, and regional and international cooperation have become the major coordinates. I conclude by coming back to nuclear energy: Romania has expertise, skilled staff and the capacity to innovate, reiterating without risking an exaggeration that, in the Central and Eastern Europe, our country can play

a pioneering role in decarbonization and energy safety with nuclear energy: CANDU and SMR.

Apart from energy production, nuclear industry provides also other major benefits related to other industries. One of them is the use of heat and electricity for hydrogen production, which so far has mainly come from the gas industry. Nuclear industry can play a major role in this regard, as there is a well-known need for hydrogen in other major industries. Thus, we are already talking about integrated systems with multiple effects. As an example, one single reactor with an installed capacity of 1,000 MW can produce more than 200,000 tons of hydrogen per year.

There is a clear need for new nuclear facilities around the world, both to replace the old plants on fossil fuels, particularly coal, which release significant amounts of carbon dioxide, and to cover for the ever-higher demand for electricity, particularly in emerging countries. Currently, approximately two-thirds of the world's electricity comes from burning fossil fuels. By 2050, should the climate change targets be met, 80% or more of electricity will have to be produced with low carbon emissions.

**Chairman of the Board of Directors,
Teodor Minodor Chirica**

4. STATEMENT OF THE CEO

Worldwide, nuclear energy covers 10% of the total electricity demand, and this is expected to increase up to approximately 17% in the IEA Member States (“International Atomic Energy Agency”). Also, in the European Union, UK included, nuclear energy generates 50% of electricity without greenhouse gas emissions. Also, IEA estimates that the GHG-free sources will provide up to 52% of usage by 2040 v 36% today. Reportedly, nuclear energy has avoided 74 gigatons of GHG being released into the atmosphere of the UNECE area over the last 50 years.

Romania has set the following decarbonization targets: 55% fewer GHG emissions by 2030; reducing dependence on imports from 20.85 % down to 17.8 % by 2030; removal of up to 4.59 GWe of coal-based energy by 2032, and its replacement by clean energy sources.

In this regard, S.N. Nuclearelectrica S.A. has in progress strategic investment projects with an estimated amount of EUR 12 billion, including: Refurbishment of Unit 1; the Project of Units 3 and 4; development of small modular reactors in partnership with NuScale; and implementation of support projects for current operation, such as the Tritium Removal Plant. SNN's investment projects will bring clean energy to Romania's energy stability, social and economic development, development of the nuclear industry and training of a new generation of specialists.

Currently, Nuclearelectrica S.A. plays a strategic part at the national level, with 2 nuclear units operating at the highest safety and productivity standards for 26 years, and covering

- approximately 18% - 20% of the total energy demand and 33% of the total CO₂-free clean energy production;
- 205 million tons of CO₂ avoided from commissioning, 10 million tons of CO₂ avoided every year;
- More than 2,400 direct jobs, and more than 11,000 jobs generated by the industry;
- EUR 5.7 billion contributed to the industry's GDP, an amount that could keep all Romanian hospitals operating at excellence standards for one full year.

After completion of the strategic projects (Refurbishment of Unit 1, Units 3 and 4, development of small modular reactors), this contribution will increase significantly, helping the national energy system attain energy stability and security by clean energy:

- 36% of the total domestic production, 66% clean energy contribution;
- more than 20,000 jobs;
- 24 million tons of CO₂ avoided every year.

Moreover, the project for development of small modular reactors that Romania is implementing can add to the regional energy security, through the example of good development and operation practices we propose. For more than 26 years, Romania has been internationally recognized for its high standards of nuclear safety and operation and performance excellence, with Units 1 and 2 at the top, ranking 1st and 3rd among more than 440 nuclear units worldwide.

Romania also enjoys a solid chain of suppliers in the nuclear industry, with more than 50 years of experience, an internationally acclaimed engineering school, as well as a professional and rigorous regulator (NCNAC). All these are assets allow Romania to take a leading position in the regional nuclear industry and become a hub for the development and assembly of components for small modular reactors, a training center for future operators and a supporter of countries that intend to develop a nuclear programme, that while they understand the long-term benefits, they still lack the required experience for the time being.

We have already started this endeavour with the MoU signed with KGHM Poland in September 2022, whereby Nuclearelectrica S.A. would share its experience and lessons learned in 26 years of operation at a standard of excellence, and would provide KGHM with support in its first steps to deploy a safe, clean and innovative technology. In the framework of COP27, which took place in November 2022 in Egypt, Romania brought up an example of leadership in living up to the commitment to help attain the decarbonization targets. The SMR special purpose vehicle of Nuclearelectrica S.A. (RoPower S.R.L.) and Donalam (part of AFV Beltrame Group) signed a Memorandum of Understanding for SMR implementation Romania and joined the UN Coalition for 24/7 carbon-free energy. The objective of this Memorandum of Understanding is to explore opportunities for cooperation and investment in support of developing the very first SMR project in Romania, which is likely to have a great impact on green steel production in Romania, the first of its kind across Europe. On the same occasion, the two companies joined the United Nations 24/7 Carbon-Free Energy Compact, undertaking to comply with the UN's 24/7 principles in support of the UN's goal of accelerating the electricity system, mitigating climate change and ensuring access to clean energy at affordable prices. By joining the UN 24/7 Carbon-Free Energy Compact, Nuclearelectrica S.A. and AFV Beltrame become members of a global community of organizations that work together to develop solutions to foster access to 24/7 carbon-free energy.

The project of Units 3 and 4

The strategy of continuation of CANDU Units 3&4 Project of Cernavodă Nuclear Power Plant, approved by SNN shareholders in 2021, shall be implemented in three phases, in compliance with the international experience in the construction of the nuclear power plant.

Phase 1, namely, the current one, started at the end of the year 2021, represents the preparatory phase, initiated by capitalization and operationalization of the project company, Energonuclear S.A. This phase shall last up to 24 months, during which a set of engineering and safety documentation will be prepared/updated, being needed for the start of the Project (update of the basic licensing documents, of the safety guidelines, of the projects variations related to nuclear safety, reassessment of the existing civil structures etc.), needed for the substantiation of a preliminary investment decision.

Within such phase, on 25 November 2021, Energonuclear S.A., the project company, signed the first agreement with Candu Energy, Member of SNC-Lavalin Group and the Design Authority and OEM Candu (the Original Manufacturer of Candu Technology) for the Project. Under the agreement, CANDU Energy shall provide engineering services for the preparation

and update of the documentation needed for the start of the Project of CANDU Units 3 and 4. The completion deadline of such phase is Q2 2023.

Phase 2 of the project (Preliminary Works) consists in the execution of the preliminary works and it is expected to last up to 30 months. This phase shall consist in the preparation of critical engineering ("Limited Notice to Proceed - LNTP") for defining the project, the structuring and contracting the financing and agreeing an adequate contractual architecture for the Project implementation, obtaining the Nuclear Safety License for the construction, the reassessment of the Project feasibility based on certain technical and economic indicators updated and the adoption of the Final Investment Decision (FID), for passing to Phase III (Construction).

Phase 3 of the Project, expected to last 69-78 months, consists in mobilizing the construction site, start of the construction works, putting into service and commercial operation of Unit 3 in 2030 and of Unit 4 in 2031.

The intent of the Romanian State and of SNN, in compliance with the new strategy, is to perform such project in an Euro Atlantic consortium according to the Agreement of the Romanian Government and of the Government of the United States of America regarding cooperation in relation to the nuclear and energetic projects from Cernavodă and in the civil nuclear energy field from Romania. Furthermore, within the new development strategy, according to the data obtained from the analyses related to Phase 1 and partially to Phase 2, the financing structure shall also be established.

Within COP 27, US Exim Bank announced the issue of two expressions of interest for financing the technical services provided by USA in relation to 3 and 4 Units from Cernavodă, developed by the subsidiary of National Company Nuclearelectrica S.A.

Based on the preliminary information presented, EXIM could take into consideration the financing up to USD 50 million from the USA export contract for technical pre-project services as a part of the Engineering Multiplier Program (EMP) during the second phase of the project. Subsequently, during phase III of the project, it could take into consideration the financing up to USD 3 billion from the USA export contract for engineering and project management services for the agreement of completion of Units 3 and 4 of Cernavodă nuclear power plant.

Refurbishment of Unit 1

CANDU reactors have an initial lifecycle of 30 years. Following a refurbishment process, this lifecycle may be extended by another 30 years, which Nuclearelectrica S.A. is doing at present within Unit 1, which was put into commercial operation in 1996.

U1 refurbishment, started in 2017, with the first phase completed, during which the activities needed for U1 refurbishment were identified and defined, so that it operates another 30-year life cycle. The final output of this phase was preparation and approval of the feasibility study.

Phase 2 continued in July 2022 by signing the first agreement with Candu Energy, Member of SNC-Lavalin Group and the Unit 1 Design Authority and OEM (Manufacturer of original equipment) for CANDU technology in the 2nd phase of the project.

As part of the contract, Candu Energy will offer engineering services for the development of the technical documentation for the purchase of the components with a long manufacturing cycle of the reactor, which will be replaced during the Refurbishment of Unit 1, within the process called "reactor retubing" (Replacement of Fuel Channels, Calandria Tubes and Fideri - ICCTCF). Also, Candu Energy will offer engineering services to assess the condition of the set of specialized tools that will be used to replace the reactor components and to prepare the documentation for the acquisition of the components that require replacement/modification.

Phase 3 of the project starts upon shutdown of Unit 1 and consists in the effective development of the works within U1 Refurbishment Project in the unit plants, as well as its return to operation, for the purpose of commercial operation for a new operating cycle of 30 years, following year 2028.

SMR

Development of a NuScale power plant with 6 x 462 Mwe modules this decade. The NuScale base load, safe, affordable, and CO2 free technology will mainly be developed on the sites of former coal-fired power plants.

Since execution of the MOU with NuScale back in 2019, Nuclearelectrica S.A. has constantly worked to develop this project:

- In March 2019, Nuclearelectrica S.A. and NuScale signed a Memorandum of Understanding (MOU) in order to assess the development, authorization and construction of a small modular reactor (SMR) in Romania;
- On 9 October 2020, Romania signed an Intergovernmental Agreement (IGA) with the United States of America in the field of nuclear energy, which was also ratified by the Romanian Parliament according to Law no. 199/2021, enjoying broad support and being adopted by a majority of votes;
- Moreover, in October 2020, US Exim Bank expressed, through a Memorandum of Understanding (MoU) with the Ministry of Energy of Romania, its interest in financing major energy investment projects in Romania, including the nuclear field, with a total value of USD 7 billion;
- On 4 November 2021, NuScale and Nuclearelectrica entered into a cooperation agreement during at COP26 (UN Conference on Climate Change) to advance implementation of the first small modular reactor in Europe, in the presence of the Romanian Minister of Energy, Mr. Virgil Popescu. The importance of the strategic partnership between the US and Romania and the role of SMRs were highlighted in their speeches delivered at COP26 by the US Secretary for Energy Jennifer M. Granholm, the US Secretary of the Department of Energy, the Special Envoy of the US President for Climate John Kerry, the President of Romania Klaus Iohannis, and the US President Joe Biden;

- At the beginning of 2021, Nuclearelectrica received USD 1.2 million from USTDA to identify and assess potential sites for small modular reactors. In May 2022, following the completion of the study, several potential suitable sites were identified. The site of the former thermal power plant of Doicești, County of Dâmbovița, Romania, was selected as a candidate site for further in-depth surveys and developments;
- On 24 May 2022, Nuclearelectrica, NuScale and Nova Power & Gas (the owner of the site) signed a Memorandum of Understanding (MOU) to analyse the development of the first small modular reactor (SMR) in Romania on the site of the former thermal power plant in Doicești, Dâmbovița county;
- In June 2022, the US President Joe Biden announced allocation of grant of USD 14 million for the next development stage of the Romanian NuScale small modular reactors - the preliminary Front-End Engineering Design (FEED) for the Romanian SMR project. FEED study consists in a series of engineering and design activities and studies, technical analyses of the site, as well as licensing and authorization activities to be carried out on the site of the former power plant from Doicești, in compliance with all international and national standards. Furthermore, within the FEED study, the IAEA recommendations stemming from the IAEA's Site and External Events Design (SEED) mission, carried out in August 2022 at the request of Nuclearelectrica, will be applied;
- In September 2022, Nuclearelectrica S.A. and Nova Power & Gas SRL launched RoPower Nuclear S.A., the project company for development of small modular reactors in Romania, on the site of the former coal-fired power plant of Doicești, County of Dâmbovița;
- In October 2022, the US Trade and Development Agency (USTDA) extended a grant of USD 14 million to RoPower Nuclear S.A. (RoPower), the project company recently established by Nuclearelectrica and Nova Power & Gas for development of small modular reactors. The grant shall be used for the Front-End Engineering Design (FEED) in order to advance the project for the development of the first SMR nuclear plant in Romania;
- In January 2023, NuScale and the Romanian company RoPower Nuclear SA (RoPower), owned in equal shares by S.N. Nuclearelectrica S.A. and Nova Power & Gas SA, announced the signing of the contract for the Front-End Engineering Design (FEED) works.

The FEED works that NuScale will start define the main and specific site characteristics for a VOYGR-6 SMR plant that could be developed on the site of Doicești power plant, Romania. The 8-month project covers environmental impact assessment and subsoil geotechnical analyses, site assessment and an assessment of the specific site requirements for the standard design of the NuScale power plant and estimation of the project-specific costs.

Growing a new generation of specialists

Nucleus of Excellence is Nuclearelectrica's platform for growing a new generation of specialists and is de facto a complex human resources strategy for strengthening the team, attracting and retaining highly skilled workforce, focusing on core business and identifying new business opportunities that bring along synergies and short-term profitability potential.

In Romania, the nuclear industry currently provides 11,000 jobs (of which approximately 2,500 jobs are provided directly in Nuclearelectrica S.A.), and this figure could increase up to 20,000 if new nuclear projects are kicked off (both the project for Units 3 and 4 and the SMR project).

The investments in the nuclear sector will cause effect economic growth in the horizontal industry, help retain a highly skilled qualified workforce, boost research, education and engineering, and give Romania a competitive edge in Europe.

In 2021, we recruited approximately 500 people, the same as in 2022.

SNN's human resources strategy does not stop at recruitment. We have in place and further develop traineeship, internship, scholarship and dual education programme with a view to growing a new generation of specialists in nuclear energy.

The Company's strategy focuses on point identification of talents and employing efforts to retain them in the organization, identification of the current and future needs, development of partnerships with leading universities, enhancing the training of the existing workforce and building an organizational culture based on meritocracy and performance, where young people are seen as resources for the future.

Also, under sponsorship programmes, Nuclearelectrica invests in educations. Access to education is a right of every child and, in this sense, the company supports educational projects so that Romanian schools have better study conditions and offer as many opportunities as possible for the new generations. Over the last 2 years, Nuclearelectrica supported 42 projects in education, with the total invested amount reaching RON 6.4 million.

The projects contribute to the creation and development of the educational environment through actions of renovating and equipping schools, both with specialized laboratories (physics, chemistry, computer science, robotics, etc.), and in terms of online education, which requires the possession of digital equipment (tablets, laptops, video projectors, interactive whiteboards, screens etc.), so that the classrooms are properly and modernly equipped. Also, the company has partnerships with educational units for the renovation, expansion, modernization and rehabilitation of classrooms, laboratories, sports halls, etc. Also supports career development and counselling projects for students, so that they can discover their skills and make the best career choices.

Nuclearelectrica develops also CSR programmes via the Nucleu de bine (Nucleus of Care) platform. Annually, the investment in CSR projects is approximately EUR 2 million in educational, medical and environmental projects. In 2022, we supported 60 projects with impacted approximately 6 million people.

The Company's financial and production results at the end 2022, the operation and nuclear safety excellence, and the 1st place in the global ranking by capacity factor are the result of a complex management programme, sound corporate governance principles that aimed to maintain power generation at high performance level, the sales strategy and implementation of smart financial policies that gave priority to nuclear safety in all decision-making. Relying on the Company's values and investment projects, our goal is to reenergize Romania and we offer stability, energy security, energy independence, and added value for the Company's shareholders and investors.

Cosmin Ghita
CEO

5. BUSINESS REVIEW

5.1. PRESENTATION OF THE COMPANY

5.1.1. CORE BUSINESS

National Company Nuclearelectrica S.A. (“SNN” or “the Company”) is a national joint stock company, managed under single-tier system, with headquarters in Bucharest, Sector 1, Strada Polonă, nr. 65, having two Branches without a legal personality. The main object of activity of the company is “Electricity generation” – NACE Code 3511 and is registered with the Trade Register under number J40/7403/1998, Unique Registration Code 10874881, tax attribute RO.

Currently, SNN is the only electric power producer based on nuclear technology from Romania. SNN also produces CANDU-type nuclear fuel bundles that are used to keep its own nuclear reactors in use.

The Branch of Cernavodă NPP (Nuclear Power Plant), with its registered office in Cernavodă, Strada Medgidiei, nr. 2 and registered with the Trade Register under no. J13/3442/11.10.2007, ensures operation of the two functional CANDU Nuclear Units, as well as the management of all SNN assets of Cernavodă (apart from Units 1 and 2 already in operation, Units 3 and 4 are in various stages of construction; for Unit 5, the Company's shareholders approved the change of initial application as early as March 2014, and this would be used to support the activities related to operation of Units 1 and 2, as well as the district heating system). Those two Units have an installed power of approximately 700 MW each (706.5 MWe Unit 1 and 704.8 MWe Unit 2).

The NFP (Nuclear Fuel Factory) Pitești Branch, with the registered office in Mioveni, Strada Campului, nr. 1, and registered with the Trade Register under no. J03/457/24.08.1998, produces CANDU fuel bundles for Units 1 and 2 of Cernavodă.

Unit 1 was commissioned in 1996, and Unit 2 in 2007. The two reactors provide about 18% - 20% of the power generated in Romania. The nuclear reactors at the two Units are of the CANDU 6 type, a model developed in Canada by Atomic Energy of Canada Ltd. This type of reactors is cooled and moderated with heavy water and use natural uranium as fuel. The initial site provided for the construction of 5 CANDU Nuclear Units.

According to the Government's initial strategy, construction of Units 3 and 4 was due to be completed by Energonuclear S.A., a subsidiary of SNN, established in 2009. Pursuant to the Shareholders' Resolution no. 8/12.06.2020, the SNN Board of Directors was mandated to initiate the procedures/approaches/steps for ending the negotiations with CGN, as well as to terminate the legal effects (by agreement of the parties, rescission etc.) of the following documents: “Memorandum of Understanding regarding the development, construction, operation and decommissioning of Units 3 and 4 within Cernavodă NPP (MoU)” and, respectively, (ii) the “Preliminary Investors' Agreement”. Furthermore, the Board of Directors was mandated to initiate the necessary steps to conduct analyses and articulate the

strategic options for construction of new nuclear-based electricity generation facilities. Agreement of the Romanian Government and of the Government of the United States of America regarding cooperation in relation to the nuclear and energetic projects from Cernavodă and in the civil nuclear energy field from Romania was signed on 9 October 2020. Considering the investment projects run by SNN, execution of this agreement mainly concerns extension of the capacity of Cernavodă NPP and the Refurbishment Project of Unit 1 of Cernavodă NPP. Also, the US Government expressed their interest, through the US Import Export Bank, to support the global financing of projects in compliance with the policies, procedures and decision-making independence of these institutions, and included this financial component in the Intergovernmental Agreement.

In November 2022, during the UN Climate Change Conference (COP27), US Exim Bank announced the issue of two expressions of interest for the financing the pre-project technical services provided by USA in relation to 3 and 4 Units from Cernavodă, developed by the subsidiary of National Company Nuclearelectrica S.A.

Based on the preliminary information presented, EXIM can consider extending a financing of up to USD 50,000,000.00 under US export contract for pre-project technical services, as part of the Engineering Multiplying Program (EMP), and of up to USD 3 billion under the US export contract for engineering and project management services for the contract for completion of Units 3 and 4 of the Cernavodă nuclear power plant.

Romania as a long and trust-based partnership with the US in the nuclear field, which was signed in 2020 under the Romania - United States Intergovernmental Agreement (IGA) in the field of nuclear energy, which was also ratified by the Parliament of Romania by Law no. 200/2021. The letters of intent of US Exim follows the a Memorandum of Understanding (MoU) signed in October 2020, whereby the US Exim Bank expressed their interest to finance major energy investment projects in Romania, including in the nuclear field, by a total value of USD 7 billion.

In the first half of September 2021, EnergoNuclear S.A. (EN) commenced acquisition of engineering services for the writing and updating the documents needed to kick off the CANDU Units Project. On 25 November 2021, Energonuclear S.A., the project company, signed the first agreement with Candu Energy, Member of SNC-Lavalin Group and the Design Authority of Units 3&4 and OEM Candu (the Original Manufacturer of Candu Technology). Within the agreement, CANDU Energy will provide engineering services for the preparation and update of certain documentation necessary for the initiation of the Project of Units CANDU 3&4 (among which, updating the basic licensing documents, updating of the nuclear security guidelines, updating of the list of the project amendments with nuclear security functions etc.).

Unit 5 is currently fully depreciated, because there is no plan to continue its construction; in March 2014, the Company's shareholders approved the use of Unit 5 for activities related to the operation of Units 1 and 2.

Units 1 and 2 use approximately 11,000 bundles of nuclear fuel every year, each containing around 19 kg of uranium. In order to produce the necessary fuel bundles, NFP Pitești operates at maximum capacity. In 2022, NFP Pitești Branch manufactured 10,826 bundles and delivered 10,800 bundles of nuclear fuel to Cernavodă NPP, according to the manufacturing and delivery plan.

In 2022, the nuclear fuel was produced from the sinterable uranium dioxide powder, purchased for an average price of RON 611.79/kg and stocked as at 1 January 2022, as well as from the sinterable uranium dioxide powder coming from the processing by CNU - Feldioara Branch of the process technical uranium concentrate purchased from the supplier NAC KazatomProm JSC of Kazakhstan.

The Resolution of the Ordinary General Meeting of SNN's Shareholders no. 5/25.04.2018 approved the strategy for diversification of the supply sources of raw materials required for production of nuclear fuel.

National Company Nuclearelectrica S.A. ("SNN") completed the takeover of the uranium concentrate processing line from Compania Nationala a Uraniului SA ("CNU"), Feldioara Branch, on 28 December 2022.

Under the GMS Resolution no. 5/25.04.2018, the "Strategy for diversification of the supply sources of raw materials required for production of nuclear fuel", 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 uranium octoxide (UO₂), necessary for the manufacture of fuel bundles, is obtained. Through specific studies and optimal conditions for the purchase of uranium octoxide, SNN considered processing it at the Feldioara Factory with the uranium technical concentrate processing line being taken over by SNN from CNU.

Read in connection with the GMS Resolution no. 4/30.03.2020, the shareholders approved commencement of the procedures for the purchase of assets of Feldioara Branch belonging to Compania Nationala a Uraniului S.A., by direct negotiation, in accordance with the provisions of the Government Emergency Ordinance no. 88/1997 on the privatization of companies, and Law no. 44/1998, as subsequently amended and supplemented.

Further to the due diligence conducted, SNN identified the necessary assets due to be strategically integrated into its structure; thus, by completing this transaction, SNN integrated the entire manufacturing cycle of CANDU nuclear fuel.

The takeover of assets from Feldioara Branch was a two-stage process: Contract signing date, which occurred, according to the current report of SNN, on 18 March 2021, and Completion Date on 28 December 2022. Between the two stages, a number of prerequisites were provided, agreed upon and met for transaction closure. Thus, on the signing date, the general terms and conditions of the transaction were agreed and the prerequisites were set, and on the closure date, the sale and purchase contract was signed in authentic form based on the heads of terms set on the signing date.

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 in SNN and, to an equal extent, ensuring the production of fuel bundles and the optimal operation of NFP Pitești and Cernavodă 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. We point out that the valuation of the assets was performed in accordance with the International Valuation Standards and the land related to the processing line were granted to SNN under direct concession based on the Government Decision no. 1487 of 14 December 2022.

SNN is a stability factor for the Romanian electricity market, both through base load delivery of electricity and predictable production cost.

5.1.2. MISSION, VISION, OBJECTIVES, VALUES

Mission

We generate clean energy at standards of nuclear excellence.

Vision

We are building a sustainable future for the tomorrow's generation.

Objectives

- ❖ Operation of the Nuclear Units under nuclear safe and security conditions for the staff, population, environment and production assets;
- ❖ Maintaining the electricity generation capacity above the current industry average;
- ❖ Meeting the major investment objectives;
- ❖ Improvement of the Company's financial performance ratios.

Values



5.1.3. ESTABLISHMENT DATE

SNN was established on 2 July 1998 by the Government Decision no. 365/1998, further to the restructuring of the Romanian energy system. Prior to this restructuring, the Nuclear Power Plant used to be part of RENEL, a vertically-integrated national company that was later spun-off into a number of State-owned companies. SNN pursues its business in accordance with the Romanian legislation and its Articles of Incorporation.

5.1.4. SHAREHOLDING

As at 31 December 2022, the shareholding structure is as follows:

Type of shareholder	Number of shares held	% share capital holding
Romanian State - Ministry of Economy, Energy and Business Environment	248,850,476	82.4981%
Other shareholders	52,793,418	17.5019%
Total	301,643,894	100%

5.1.5. SIGNIFICANT MERGERS OR REORGANIZATIONS

In the 2022 financial year, no significant mergers or reorganizations took place in SNN or the companies its controls. The Company is not part of a group of companies, save for the generic group of companies under the common control of the Romanian State through various entities. As at 31 December 2021, SNN holds 100% participating interests in three subsidiaries: S.C. Energonuclear S.A., Fabrica de Prelucrare a Concentratelor de Uraniu - Feldioara S.R.L Branch, and Nuclearelectrica Serv S.R.L. All subsidiaries fall under the consolidation scope.

5.1.6. PURCHASES AND DISPOSALS OF ASSETS

National Company Nuclearelectrica S.A. ("SNN") completed the takeover of the uranium concentrate processing line from Compania Nationala a Uraniului SA ("CNU"), Feldioara Branch, on 28 December 2022.

Under the GMS Resolution no. 5/25.04.2018, the "Strategy for diversification of the supply sources of raw materials required for production of nuclear fuel", 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 uranium octoxide (UO2), necessary for the manufacture of fuel bundles, is obtained. Through specific studies and optimal conditions for the purchase of uranium octoxide, SNN considered processing it at the Feldioara Factory with the uranium technical concentrate processing line being taken over by SNN from CNU.

Read in connection with the GMS Resolution no. 4/30.03.2020, the shareholders approved commencement of the procedures for the purchase of assets of Feldioara Branch, by direct negotiation, in accordance with the provisions of the Government Emergency Ordinance no. 88/1997 on the privatization of companies, and Law no. 44/1998, as subsequently amended and supplemented.

Further to the due diligence conducted, SNN identified the necessary assets due to be strategically integrated into its structure; thus, by completing this transaction, SNN integrated the entire manufacturing cycle of CANDU nuclear fuel.

The takeover of assets from Feldioara Branch was a two-stage process: Contract signing date, which occurred, according to the current report of SNN, on 18 March 2021, and Completion Date on 28 December 2022. Between the two stages, a number of prerequisites were provided, agreed upon and met for transaction closure. Thus, on the signing date, the general terms and conditions of the transaction were agreed and the prerequisites were set, and on the closure date, the sale and purchase contract was signed in authentic form based on the heads of terms set on the signing date.

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 in SNN and, to an equal extent, ensuring the production of fuel bundles and the optimal operation of NFP Pitești and

Cernavodă 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. We point out that the valuation of the assets was performed in accordance with the International Valuation Standards and the land related to the processing line were granted to SNN under direct concession based on the Government Decision no. 1487 of 14 December 2022.

On 24 September 2021, the SNN subsidiary Fabrica de Prelucrare a Concentratelor de Uraniu-Feldioara SRL, was established, with the number in the Trade Register J8/2729/2021 and Single Code of Registration (CUI) 44958790.

Also, the Articles of Incorporation of SNN Feldioara Branch were approved under the EGMS Resolution no. 10/11.08.2021.

The total investment expenses in 2022 amounted to approximately RON 561.4 million.

In 2022, there were no other disposals of assets, save for those retired under the terms of the law, for which a net expense of approximately RON 3.6 million was recognized.

5.2. GENERAL ASSESSMENT ITEMS

Statement of financial position as of 31 December 2022

Ratio [Thousand RON]	31 December 2022 (audited)	31 December 2021 (audited)	Variation
Fixed assets	6,049,279	6,110,845	-1.0%
Current assets	5,743,493	3,514,280	63.4%
Total assets	11,792,772	9,625,125	22.5%
Long-term liabilities	456,762	597,564	-23.6%
Current liabilities	800,505	662,300	20.9%
Total liabilities	1,257,267	1,259,864	-0.2%
Equity	10,535,505	8,365,261	25.9%
Total equity and liabilities	11,792,772	9,625,125	22.5%

Fixed assets are at a level similar to that recorded on 31 December 2021. The reduction of the net value of tangible and intangible assets through the recognition of depreciation related to the period 1 January - 31 December 2022 was compensated by the investments made during the period in tangible and intangible assets, as well as by the increase in financial investments in subsidiaries and associated entities, by increasing the share capital of Energonuclear SA by the amount of RON 27 million, respectively the participation in the share capital of RoPower Nuclear S.A. by RON 4.9 million, held in a proportion of 50% by SNN. The non-current assets also show the loans granted to the subsidiaries of FPCU Feldioara SRL and Nuclearelectrica Serv SRL, together with the interest accrued before 31 December 2022.

Current assets registered a +63.4% increase compared to 31 December 2021, mainly due to the +70% increase in cash available (cash, cash equivalents and bank deposits).

Long-term liabilities decreased by -23.6% compared to the values recorded as at 31 December 2021. The decrease is mainly determined by the reduction of the long-term portion of the foreign loans contracted from EURATOM for the construction and commissioning of Unit 2 of Cernavodă NPP, as a result of the reclassification of the instalments due from the long-term portion to the short-term portion, as the loans mature. Another factor is the writing down of the provision set for the management of other low and medium-radioactive and non-radioactive waste further to the shift in the strategy devised for their management by SNN, as well as the reversal of the provision established in connection with file 7036/118/2017 related to the litigation regarding the increased nuclear risk as a result of the definitive decision of the Constanta Court of Appeal dated 27.02.2023, and, the consequent writing down of the deferred tax amount. The long-term deferred income (income from investments subsidies granted to write off penalties and other liabilities under the loan agreements for Unit 1) is written down from one period to another as the depreciation for Unit 1 gradually accrues.

Current liabilities registered an increase of +20.9% compared to the values recorded as at 31 December 2021, due to the increase in trade and other liabilities, mainly as a result of the recognition of the debt regarding the contribution to the Energy Transition Fund as at 31 December 2022, which is to be paid in the month following the reporting period. Also, the increase in the current liabilities was driven also by the increase in the prepayments invoiced to customers for supply or electricity, as well as by the increase in the corporate tax due on 31 December 2022, due to the positive developments in profit. The influence of these increases is partially diminished by the decrease in the current portion of foreign loans as a result of the completion of repayment of two such loans.

Profit and loss account for the financial year ended on 31 December 2022

In the 12-month period ended on 31 December 2022, SNN obtained a net profit amounting to RON 2,764,423 thousand.

Ratio [Thousand RON]	The 12-month period ended on 31 December 2022 (audited)	The 12-month period ending on 31 December 2021 (audited)	Variation
Production (GWh)*	10,200	10,377	(1.7%)
Operating revenues, of which:	6,534,010	3,203,880	103.9%
<i>Revenues from the sale of electricity**</i>	6,343,640	3,103,150	104.4%
Operating expenses - less depreciation and impairment and tax on additional income	(1,857,584)	(1,461,544)	27.1%
Additional income tax expenses / Contribution to the Energy Transition Fund	(1,085,014)	-	-
EBITDA	3,591,412	1,742,336	106.1%
Depreciation and impairment	(605,405)	(562,856)	7.6%
EBIT	2,986,007	1,179,480	153.2%
Financial income	238,176	61,025	290.3%
Financial expenses	(31,687)	(36,411)	(13.0%)
Net financial result	206,489	24,614	738.9%
Expense with corporate tax	(428,073)	(167,832)	155.1%
Net profit	2,764,423	1,036,262	166.8%

*Electricity produced and delivered by Cernavodă NPP in the National Energy System.

**Including income from the sale of thermal energy, insignificant in total income.

The operating profit (EBITDA) increased by 106.1% year-on-year, mainly as a result of the increase in operating income by 103.9%, influenced by the increase by 104.4% in the income from the sale of electricity. The increase in income was partially reduced by the increase in operating expenses, as a result of the registration of the additional income tax expense starting with January 2022 (see the detail below regarding the additional income tax expense), the amount of this expense for the period January - December 2022 being RON 1,085,014 thousand (RON 0 for January - December 2021), as well as the increase in the cost of electricity purchased during the period, caused by the increase in purchase prices.

Operating income increased by 103.9%. This increase is determined by the increase in revenues from the sale of electricity, as a result of the 111.7% increase in the weighted average

selling price of electricity (including Tg) achieved between January 1 and 31 December 2022 compared to the weighted average price of the same period of 2021.

In the period January 1 - 31 December 2022, compared to the similar period of 2021, the company sold a total amount of electricity lower by 3.4%, due to a lower electricity production by 1.7%. In 2022, the planned shutdown of Unit 1 took place, with a longer duration than the planned shutdown of Unit 2 in 2021, which determined the decrease in production.

Additional income tax expenses / Contribution to the Energy Transition Fund

During January 1 - August 31, 2022, pursuant to Article II para. (1) of Law no. 259/2021, the additional income resulting from the difference between the average monthly electricity selling price and the price of RON 450/MWh was taxed by 80%. The method of calculating this tax is established by GEO no. 27/2022 (Appendix 6) for the period January - August 2022. During the time period when the Government Emergency Ordinance no. 27/2022 applies, the monthly expenditure included: the cost of the electricity acquired for transactions with physical delivery, as well as the cost of the access to the energy markets: injection tariff (Tg), market management cost, and trading tariff. The company met the enforcement criteria starting with January 2022.

Starting with 1 September 2022, pursuant to GEO no. 119/01.09.2022, the additional income tax was replaced by the contribution to the Energy Transition Fund, amounting to 100% of the difference between the average monthly electricity selling price and the price of RON 450/MWh. During the time period when the Government Emergency Ordinance no. 119/01.09.2022 applies, the monthly expenditure included the cost of electricity acquisitions for transactions with physical delivery, including on the balancing market. The applicability period of the Government Emergency Ordinance no. 119/01.09.2022 is 1 September 2022 - 31 August 2023.

Effective 16 December 2022, Law no. 357/2022 approving the Government Emergency Ordinance no. 119/01.09.2022, which set forth a number of amendments to the provisions of the Government Emergency Ordinance no. 119/2022 on the contribution to the Energy Transition Fund, came into effect. The application period has been extended until 31 March 2025, and the calculation methodology was amended so that the amount of the contribution would be further determined as the product between the difference between the monthly sale price and the amount of RON 450/MWh and the monthly quantity physically delivered from own production. During the time period when Law no. 357/2022 applies, the monthly expenditure included also the cost of unbalances.

Thus, for the period 1 January - 31 December 2022, SNN recorded an additional income tax expense/contribution to the Energy Transition Fund of RON 1,085,014 thousand.

Operating expenses, less depreciation, amortization and additional income tax expense/contribution to the Energy Transition Fund increased by 27.1% during the period 1 January - 31 December 2022, compared to the same period of 2021, mainly as a result of

the increase in expenses regarding the purchased electricity (caused by the increase in purchase prices), as well as the increase in personnel expenses.

Depreciation and amortization increased by 7.6%, as a result of recording the effects of asset evaluation as at 31 December 2021, which led to an increase in the value of assets, and therefore to an increase in their amortization expense.

The financial result positively influenced the net result, so that in the period 1 January - 31 December 2022, net financial income was recorded, increasing by 738.9% compared to the similar period of the previous year, as a result of the interest income obtained. The main currencies to which there are exposures are EUR, USD and CAD.

The increase in **the net expense with the corporate tax** diminished the positive influences of the other elements. This increase was determined by the increase in the taxable profit calculated for the period 1 January - 31 December 2022 compared to the one calculated for the similar period of 2021.

Main financial and non-financial ratios

Ratio [thousand RON]	2022 (audited)	2021 (audited)	Δ % 2022 v 2021
Net profit	2,764,423	1,036,262	166.8%
Gross operating profit	2,986,007	1,179,480	153.2%
Turnover	6,369,417	3,118,375	104.3%
Operating expenses	3,548,003	2,024,400	75.3%
EBITDA (Operating profit plus Depreciation and impairment)	3,591,413	1,742,336	106.1%
Liquid assets (cash and cash equivalents, plus bank deposits)	4,510,799	2,646,373	70.5%
% of the market held	20.4%	19.6%	4.1%

Ratio [RON]	Calculation formula	M.U.	2022 (audited)	2021 (audited)
Profitability indicators				
EBITDA in total sales	EBITDA/Turnover	%	56.4%	55.9%
EBITDA in equity	EBITDA/Equity	%	34.1%	20.8%
Gross profit rate	Gross profit/Turnover	%	50.1%	38.6%
Return on Capital	Net profit/Equity	%	26.2%	12.4%
Return on Assets	Net profit/Total assets	%	23.4%	10.8%
Liquidity and solvency ratios				
Current ratio	Current assets/Short-term liabilities	x	7.17	5.31
Quick ratio	Current assets - Inventory/Short-term liabilities	x	6.36	4.46
Asset solvency	Equity/Total liabilities	x	8.38	6.64
Risk ratios				
Leverage ratio	Borrowed capital/Equity	x	0.01	0.02
Interest coverage ratio	EBIT/Interest expenses	x	400.71	111.37
Activity ratios				
Accounts receivable turnover ratio	Average accounts receivable balance x 365/Turnover	days	20	23
Accounts payable turnover ratio	Average accounts payable balance adjusted by VAT x 365/Turnover	days	7	12

Ratio	2022	2021	% 2022 v 2021
Gross electricity production [GWh]	11,089	11,284	98.3%
Net electricity production [GWh] - delivered in SEN	10,200	10,377	98.3%
Average capacity factor (%) – Unit 1	81.42% ^{*)}	96.19%	84.6%
Average capacity factor (%) – Unit 2	98.60%	87.02% ^{*)}	113.3%
Average headcount	2,221	2,002	110.9%

*) Year with scheduled shutdown.

Key results of the Company's business

No.	Ratio [thousand RON]	Achieved 2022 (audited)	IEB 2022 Initial ^{*)}	IEB 2022 Rectified ^{**)}	Achieved 2021 (audited)	% Achieved 2022 v IEB 2022	% Achieved 2022 v Achieved 2021
0	1	2	3	4	5	6=2/4	7=2/5
1	Operating income	6,534,010	5,100,618	6,435,197	3,203,880	101.5%	203.9%
2	Operating expenses	-3,548,003	-2,580,090	-3,911,364	-2,024,401	90.7%	175.3%
3	Operating profit	2,986,007	2,520,528	2,523,833	1,179,479	118.3%	253.2%
4	Financial expenses	-31,686	-37,148	-36,355	-36,410	87.2%	87.0%
5	Financial income	238,176	86,138	192,183	61,025	123.9%	390.3%
6	Net financial income	206,490	48,990	155,828	24,615	132.5%	838.9%
7	Profit before tax	3,192,497	2,569,518	2,679,661	1,204,094	119.1%	265.1%
8	Net corporate income tax expenses	-428,073	-416,784	-430,757	-167,832	99.4%	255.1%
9	Profit of the financial year	2,764,424	2,152,734	2,248,904	1,036,262	122.9%	266.8%

*) IEB 2022 approved by OGMS Resolution no. 3/23.02.2022;

**) IEB 2022 rectified approved by OGMS Resolution no. 10/19.10.2022.

Execution of the Income and Expenditure Budget as at 31 December 2022

The 2022 Income and Expenditure Budget ("IEB") of SNN was approved by Resolution of the General Meeting of Shareholders no. 3/23.02.2022. By Resolution no. 10/19.10.2022 of the Ordinary General Meeting of Shareholders, the rectification of the Income and Expenditure Budget for the year 2022 (item 7 of the convening notice of the Ordinary General Meeting of Shareholders convened on 19 October 2022) was approved. This rectification appeared necessary mainly due to the recurring amendments of the legislation on the tax on additional revenue/solidarity contribution which came into force after drafting the 2022 income and expenditure budget, as well as to the developments in the electricity price.

The company is monitored in terms of meeting the ratios, objectives and performance criteria, i.e., in terms of compliance with the salary fund, the level of revenues and expenses, the program for reducing arrears and debts that are past due.

Reviewing the performance of the Rectified Income and Expenditure Budget as at 31 December 2022 (presented below), it results that total income has been achieved in a proportion of 101.1%, and total expenses have been achieved in a proportion of 88.8%, therefore gross profit has been achieved in a proportion of 119.1%.

thousand RON									
		Ratios	Line no.	IEB 2022 (approved by the OGMS Resolution no. 3/23.02.2022)	IEB 2022 (approved by the OGMS Resolution no. 10/19.10.2022)	Aggregate actual Q4 2022	%	Variation (abs.) [Col. 6- Col. 5]	%
0	1	2	3	4	5	6	7 = 6/5	8 = 6-5	9 = 6-4
I.		TOTAL INCOME (Line 2 + Line 5)	1	5,186,756	6,608,814	6,681,638	101.1%	72,824	128.8%
	1.	Total operating income, of which:	2	5,100,618	6,416,631	6,443,460	100.4%	26,829	126.3%
		c1 Subsidies, acc. to the legal provisions in force	-	-	-	-			
		c2 Transfers, acc. to the legal provisions in force	-	-	-	-			
	2.	Financial income	5	86,138	192,183	238,177	123.9%	45,994	276.5%
II.		TOTAL EXPENSES (Line 7 + Line 21)	6	2,617,238	3,929,154	3,489,141	88.8%	-440,013	133.3%
	1.	Operating expenses (Line 8 + Line 9 + Line 10 + Line 20)	7	2,580,090	3,892,799	3,457,453	88.8%	-435,346	134.0%
		A. Expenses with goods and services	8	946,936	1,226,202	938,189	76.5%	-288,013	99.1%
		B. Expenses with taxes, duties and similar payments	9	356,896	1,259,083	1,271,556	101.0%	12,473	356.3%
		C. Payroll costs (Line 11 + Line 14 + Line 18 + Line 19)	10	574,133	573,851	560,340	97.6%	-13,511	97.6%
		C0 Payroll expenses (Line 12 + Line 13)	11	524,539	524,539	510,542	97.3%	-13,997	97.3%
		C1 Expenses with salaries and wages	12	464,260	464,260	456,321	98.3%	-7,939	98.3%
		C2 Bonuses	13	60,279	60,279	54,221	89.9%	-6,058	90.0%
		C3 Other personnel costs, of which:	14	0	0	0	-	0	-
		Costs of severance payments for layoffs	15	-	-	-	-	-	-
		C4 Expenses under the mandate contract and of other management and control bodies, commissions and committees	18	3,572	3,290	4,175	126.9%	886	116.9%
		C5 Expenses with social insurance and security, special funds and other statutory obligations	19	46,022	46,022	45,622	99.1%	-400	99.1%
		D. Other operating expenses	20	702,125	833,663	687,369	82.5%	-146,294	97.9%
	2.	Financial expenses	21	37,148	36,355	31,687	87.2%	-4,668	85.3%
III.		GROSS RESULT (profit/loss) (Line 1 - Line 6)	22	2,569,518	2,679,660	3,192,497	119.1%	512,837	124.2%
IV.		CORPORATE INCOME TAX	23	416,784	430,757	428,073	99.4%	-2,684	102.7%
V.		BOOK PROFIT AFTER INCOME TAX (Line 22 - Line 23)	24	2,152,734	2,248,903	2,764,423	122.9%	515,520	128.4%

5.3. PRODUCTION AND SALES ACTIVITY

5.3.1. PRODUCTION OF ELECTRICITY AND THERMAL ENERGY

The gross electricity production of the two operational units of Cernavodă NPP was 11,088,709 MWh in 2022; from this gross production, the own technological consumption of the Units during operation, as well as during shutdowns ensured, from own production, was 889 thousand MWh during 2022.

Thus, the electricity generated and delivered in the National Energy System ("SEN") was 10,199,558 MWh in 2022, compared to the same period of 2021 (10,377,214 MWh), representing a decrease by 1.7%. The decrease is mainly explained by the summed number of operation hours of the Cernavodă NPP units in 2022, which was lower by 173 hours than in 2021.

The net electricity production program approved by the Board of Directors for the year 2022 (April 2022 revision) considered a quantity of 10,275,683 MWh, being achieved in proportion of 99.3%.

The installed power utilization factor, recorded by each operational unit within Cernavodă NPP in 2022, as well as in aggregate from the start of commercial operation (Unit 1 on 2 December 1996, Unit 2 on 1 November 2007) was as follows:

Cernavodă NPP unit	Aggregate 2022	Aggregate since the first date of commercial operation
Unit 1	81.42%	90.41%
Unit 2	98.60%	94.23%

The lower value of the installed power utilization factor at Cernavodă NPP Unit 1 reflects the influence of the planned shutdown with an effective duration of 1,138 hours, recorded starting on 8 May 2022 at 11:00 a.m. The unscheduled extension of the scheduled shutdown of Cernavodă NPP Unit 1 was 83.5 hours, and lasted until 28 June 2022 at 08:31 AM.

The following events took place in 2022:

- August 2022: an unscheduled shutdown of Cernavodă NPP Unit 1, for 112 hours, occurred between 26 August 2022 - 31 August 2022, to make repairs to the suction basin's filtering system;
- October 2022: two unscheduled shutdowns of Cernavodă NPP Unit 1, the first with an effective length of 13 hours, starting on 16 October 2022 at 08:00 AM, and the second of 8.6 hours, starting on 19 October 2022 at 04:51 PM;
- December 2022: Unit 1 of Cernavodă NPP was shutdown unscheduled in the morning of 11 December 2022, starting at 08:00 AM, for 10.6 hours, for adjustments of the electrical parameters of Unit 1's generator.

SNN generates electricity and heat, and its core business is electricity generation. The revenue from the sale of heat accounts for an insignificant share of the total operating revenue. SNN also produces CANDU-type nuclear fuel bundles that are all used to keep Units 1 and 2 of Cernavodă NPP in operation.

The electric power Units 1 and 2 of Cernavodă NPP operated at in 2022 was influenced by the length of the scheduled shutdown of Unit 2, totalling 1,138 hours and the unscheduled shutdowns that totalled 227.7 hours (including the unscheduled extension of the scheduled annual shutdown by 83.5 hours) due to fuel refills and conjunctural causes.

The annual amount of energy that SNN can produce with the two Units of Cernavodă NPP is about 10.6 TWh (net), considering that the Units are operated at a high capacity utilization rate. The energy generated by SNN in 2022 accounted for about 19.3% in the total amount of electricity generated in Romania (net figures), and for 19.93% of the total electricity delivered by producers with dispatchable units in months January – October 2022.

Production of electricity during 2021 - 2022:

Production of electricity	2022			2021		
	Unit 1	Unit 2	Total	Unit 1	Unit 2	Total
Gross production (GWh)	5,013	6,074	11,088	5,929	5,355	11,284
Net production (GWh)	4,606	5,615	10,222	5,450	4,951	10,401
Capacity factor (%)	81.42	98.60	90.01	96.19	87.02	91.61

Scheduled and unscheduled shutdowns of each Unit:

Event	Number of shutdown days	
	2022	2021
Planned shutdowns U1	47.4	-
Planned shutdowns U2	-	34.8
Subtotal planned shutdowns	47.4	34.8
Unplanned shutdowns U1	9.5	7.2
Unplanned shutdowns U2	-	7.6
Subtotal unscheduled shutdowns	9.5	14.8
Total	56.9	49.6

The hours of unscheduled shutdowns did not exceed the number estimated under the 2022 production programme.

As part of the electricity trading activity, the Company has the obligation to submit bank guarantee letters to certain contractual partners, in accordance with the provisions stipulated in the electricity sale - purchase contracts. These mainly refer to: the contract concluded with C.N. Transelectrica SA for the transmission of electricity; the agreement concluded with OPCOM S.A. for electricity trading on DAM (Day-Ahead Market) and IDM (Intra-Day Market); contracts concluded on the CMBC-CN (Centralized Market of Bilateral Electric Energy Contracts - the transaction modality according to which contracts are awarded through Continuous Negotiation) platform; the BM (Balancing Market) participation agreement

concluded with C.N. Transelectrica S.A. and the contract concluded with Ciga Energy S.A. for the provision of the representation service as the party responsible for balancing (PRE).

For the purpose of this activity, during 2022:

- 4 bank letters of guarantee amounting to RON 45,052,440 were issued;
- 19 bank letters of guarantee (issued in 2020 and 2021) amounting to RON 39,248,809 were liquidated;
- the value of four bank letters of guarantee was increased, from RON 736,628 to RON 737,128, from RON 746,352 to RON 746,851, from RON 1,624,000 to RON 2,250,000, from RON 24,600,000 to RON 35,100,000, respectively from RON 29,720,000 to RON 44,720,000;

As at 31 December 2022, there were 8 bank letters of guarantee on balance, amounting to RON 123,383,979.

The electricity sold in 2022 and the corresponding revenues, distributed per types of sales contracts are presented in the table below:

Electricity sales (quantities, prices and values) in 2022

Sales by type	Quantities in MWh	% of total sales	Average price [RON/MWh including Tg]	Sale revenues [RON]
Sales on the competitive market (bilateral agreements and sales on DAM and IDM), of which:	10,513,116	99.61%	602.33	6,332,359,322
- Sales under CMBC-EA, CMBC-EA-Flex, CMBC-CN, CM-OTC contracts and supply contracts	9,409,435	89.15%	531.36	4,999,818,284
- Sales on DAM and IDM	1,103,681	10.46%	1,207.36	1,332,541,038
Positive imbalances on the BM**)	40,798	0.39%	696.63	28,421,035
Total sales during 2022	10,553,914	100%	602.69	6,360,780,357

**) Note: the values also include RON 1,588,775 of additional system balancing income, according to ANRE Order 213/2020*

The amount of electricity sold under contracts on the spot market (DAM and IDM) as well as on the PE market is 10,553,914 MWh, 1.1% above the sales schedule, of 10,435,019 MWh (measured according to the production forecast, without estimating unscheduled shutdowns) and 3.4% lower than the amount of electricity sold in 2021.

The difference between the electricity sold by the Company and the electricity produced and delivered by Cernavodă NPP (354.3 thousand MWh) is represented by the electricity purchased to fully cover the contractual obligations, the amount of electricity that was purchased in proportion to 79% of on the spot market, 18% from PE and 3% through forward contracts.

The revenues achieved on the electricity market related to electricity deliveries in 2022 amount to RON 6,360,780,357, 0.1% lower than the budgeted revenues for 2022 included in the Rectified Income and Expenditure Budget for the year 2022, approved by Resolution no. 10/19.10.2022 of the Ordinary General Meeting of Shareholders (and 26.3% higher than the Income and Expenditure Budget of 2022, approved by Resolution no. 3/23.02.2022 of the

Ordinary General Meeting of Shareholders), and respectively higher by 104.5% compared to the revenues achieved in 2021.

The weighted average sales price for the electricity sold (without PE) achieved in 2022 is RON 602.33/MWh (including T_g). For comparison, the weighted average price of all transactions concluded on the markets in which SNN was predominantly active in 2022 (CMBC-EA, CMBC-EA-flex, CMBC-CN, CM-OTC, DAM and IDM), calculated based on the values published by OPCOM in the monthly market reports, is RON 870.56/MWh. In 2021, the weighted average sales price, for the quantities of electricity sold (without regulated market and PE), was RON 284.25/MWh (including T_g).

The quantities of electricity sold on the competitive market of bilateral contracts represented in 2022 a percentage share of 89.15% of the total volume of electricity sold, compared to a percentage share of 86.83% recorded in 2021. The average sales price on bilateral contracts in 2022 was RON 531.36/MWh (T_g included), registering an increase of 109% compared to the average price recorded in the same period of 2021, of RON 253.67/MWh (T_g included); provided that the value of the transmission tariff for the introduction of electricity into the network T_g amounted to RON 1.30/MWh starting from January 2020 (according to ANRE Order no. 218/11.12.2019), RON 1.49/MWh starting with 1 January 2022 (according to ANRE Order no. 124/25.11.2021) and RON 2.53/MWh starting with 1 April 2022 (according to ANRE Order no. 33/23.03.2022).

In 2022, electricity amounting to 10.46% of the total sales value was sold on the spot market (DAM and IDM), as compared to 12.86% in 2021. The average sale price of energy on the spot market (DAM and IDM) achieved by SNN in 2022 was RON 1,207.36/MWh (T_g included), as compared to RON 490.67/MWh (T_g included) during 2021.

In 2022, SNN performed 421 energy sales contracts, as follows:

- 6 contracts concluded on CMBC-EA;
- 93 contracts concluded on CMBC-EA-Flex;
- 19 contracts concluded on CMBC-CN;
- 269 transactions concluded on PC – OTC;
- 32 transactions negotiated directly based on the provisions of law no. 123/2012 of electricity and natural gas, as amended and supplemented, the provisions of article 23 paragraph (2) letter a) and the provisions of the Government Emergency Ordinance no. 27/2022, article 14 para. (6);
- 2 supply agreements for 2 end consumers.

No contracts were terminated and no significant delays occurred in terms of payment deadlines provided in the contracts in 2022. In all cases where there were delays, the Company sent notifications and charged penalties according to the provisions of the contract.

Expenditures made on the electricity market

In 2022, the total amount of expenses on the electricity market made by SNN is RON 538,255,793, of which RON 139,303,749 represent expenses on the balancing market (PE), RON 22,902,955 represent Tg (the regulated tariff paid to CN Transelectrica SA for the injection of electricity produced by Cernavodă NPP into the electricity transmission network), RON 34,284 represent the expenses with green certificates required to be purchased for the electricity supplied, RON 1,277,569 represent the tariffs paid to OPCOM SA and BRM for sales - purchase transactions carried out on the platforms managed by them.

Expenditure made for the purchase of electric energy in 2022 on the spot market (DAM and IDM) amounted to RON 368,356,462 (1 January – 31 December 2021: RON 161,809,270), with the aim of ensuring the full fulfilment of contractual energy delivery obligations. The amount of electricity purchased in 2022 was 278,989 MWh (1 January - 31 December 2021: 446,138 MWh), at an average price of RON 1,320.32/MWh (1 January – 31 December 2021: RON 362.69/MWh).

In 2022, expenditure generated by the purchase of electricity by way of forward contracts was RON 6,080,179 for a quantity of 11,040 MWh, as compared to the year 2021, where expenditures amounted to RON 1,556,880 for the purchase of 7,925 MWh.

Expenses on the PE in 2022 amounted to RON 139,303,749, the quantity of electricity purchased being 64,327 MWh (in 2021: RON 85,885,333, the quantity of electricity purchased being 93,442 MWh). This amount represents the value of the energy received from the BM to compensate for negative imbalances, which arose due to differences between the quantities of energy actually delivered and the quantities notified to the market according to the daily forecast for each settlement interval.

Expenses with purchases of electricity and negative imbalances were higher in 2022, as compared to the same period of 2021, upon decrease of the total aggregate number of operating hours by 173 hours, amplified by a significant increase of prices for the quantities purchased, from RON 455.25/MWh in 2021 to RON 1,449.76/MWh in 2022.

By applying article II of Law no. 259/29.10.2021 and GEO no. 27/18.03.2022, the additional revenues made by electricity producers, resulting from the difference between the average monthly sales price of electricity and the price of RON 450/MWh is taxed by 80% for the period 1 January - August 31, 2022, and for the period 1 September - 15 December 2022, by applying the provisions of GEO no. 119/01.09.2022, amending GEO no. 27/18.03.2022, the equivalent value of the contribution to the Energy Transition Fund shall be determined by multiplying the difference between the monthly sales price and the reference price of RON 450/MWh by the monthly quantity that was physically delivered. Effective 16 December 2022, Law no. 357/2022 approving the Government Emergency Ordinance no. 119/01.09.2022, which set forth a number of amendments to the provisions of the Government Emergency Ordinance no. 119/2022 on the contribution to the Energy Transition Fund, came into effect. The application period has been extended until 31 March 2025, and the calculation methodology was amended so that the amount of the contribution would be further determined

as the product between the difference between the monthly sale price and the amount of RON 450/MWh and the monthly quantity physically delivered from own production. During the time period when Law no. 357/2022 applies, the monthly expenditure included also the cost of unbalances.

Thus, for the period 1 January - 31 December 2022, SNN recorded an additional income tax expense/contribution to the Energy Transition Fund of RON 1,085,014,041.

5.3.2. MAIN MARKETS FOR EACH PRODUCT AND DISTRIBUTION METHODS

SNN operates only on the Romanian market, as the only electricity generator from nuclear sources.

Electricity was sold under the electricity generation license, as follows:

- ❖ On the competitive market, under sale and purchase contracts on the markets managed by OPCOM S.A.: mainly on CM-OTC (centralized market with double continuous negotiation of bilateral electricity contracts), CMBC-EA, CMBC-EA-flex and CMBC-CN (centralized market of bilateral electricity contracts with contract trading method through extended auction and the trading method according to which contracts are awarded through continuous negotiation), under directly-negotiated bilateral contracts (mainly with network operators, in accordance with the provisions of Article 14 of the Government Emergency Ordinance 27/2022, as well as based on Article VII ¹ of the Government Emergency Ordinance no. 119/2022), as well as on the DAM (Day-Ahead Market) and IDM (Intra-Day Market).
- ❖ On the balancing market managed by Transelectrica SA, in case of positive imbalances.
- ❖ Under energy supply contracts concluded with two consumers supplied directly from the facilities of Cernavodă NPP, based on the electricity production license.

The heat produced and sold in both 2022 and 2021, through Cernavodă NPP, was mostly delivered to the local heat supplier. In Cernavodă, SNN is the only producer that delivers thermal energy in a centralized system. As of 2020, small quantities (0.5% of the sold thermal energy) have also been sold to end customers/businesses.

Contracts on the competitive market, on markets managed by OPCOM

Bilateral contracts are concluded after auctions transparently held on the OPCOM platforms. In 2021, the markets where auctions for bilateral contracts with participation of SNN were held are: CM-OTC (centralized market with double continuous negotiation of bilateral electricity contracts); CMBC-EA-flex (centralized market of bilateral electricity contracts - contract trading by extended auction and use of products to ensure transaction flexibility); and CMBC-CN (centralized market of bilateral contracts with continuous negotiation).

The average price obtained by SNN on the centralized market of bilateral contracts did not observe any material fluctuations in 2022: from a minimum price of RON 454.12/MWh in June, up to a maximum price of RON 578.74/MWh in April. The prices for each month of

2022 were influenced by the share of energy generated from renewable sources in the National Energy System, and the impact of the energy generated from hydro sources (but in a lower share than the weighted average prices calculated for all transactions performed on the wholesale market, due to the high share of contracts with average delivery periods in SNN's portfolio). The average sales price under contracts concluded on the OPCOM markets with delivery in 2022 was 99.6% higher than in 2021, while the ROPEX_FM index calculated for 2022 was 109.9% higher than in the previous year.

Contracts on the competitive market, on the Large Consumer Market (LCM) managed by RCE

In 2022, transactions with delivery in 2023 were concluded for a quantity corresponding to a base load of 60MW.

Contracts negotiated directly on the competitive market

In 2022, the directly negotiated transactions were concluded with deliveries accounting for 12.6% of the energy sold, at a price 35% higher than the weighted average price related to the quantities sold in 2022 under contracts concluded on the OPCOM markets.

Electricity sale and purchase transactions on DAM (Day-Ahead Market) and IDM (Intra-Day Market)

The Company can carry out transactions on the Centralized Day-Ahead Electricity Market under an agreement concluded with OPCOM. On the DAM, OPCOM acts as central counterparty, being the sole buyer for the electricity sold by the Company. The transactions carried out on the DAM are only settled with OPCOM and are quick (in 2 - 3 days of the electricity delivery).

DAM is not a primary market for SNN, as the quantities sold on this market are relatively small; the quantity sold thereon decreased by 21.5% in 2022 v the previous year. On the DAM, quantities of electricity available for sale and which have not already been contracted under bilateral contracts concluded on the platforms managed by OPCOM are traded.

The quantity sold on the spot market (DAM and IDM) by SNN accounted for approximately 10.5% of total 2022 sales v 12.9% in 2021 and 24.8% in 2020. The decrease in this share was mainly due to the increase in the volume of electricity contracted on the bilateral platforms, justified by the increased predictability of contracting on the competitive market and the phasing-out of the regulated contracts, as well as the occurrence of volumes awarded under directly negotiated bilateral transactions further to amendment to the Energy Law.

The weighted average annual price set on the DAM was RON 1,333.70/MWh, while the arithmetic average annual trading price in 2022 was RON 1,306.90/MWh, going up v the RON 549.52 RON/MWh in 2021.

SNN participated in the DAM also as a buyer for the quantities needed to be purchased particularly during the unscheduled shutdowns, as well as during the scheduled annual shutdown, to cover for its contractual obligations. The quantities of electricity purchased are not significant and fall within the approved budget.

In general, the DAM prices are highly volatile and are massively influenced by the electricity produced from renewable sources, but also by the regional context, considering the market coupling and the accelerated rise in the price of the EU Allowances (EUA) under the European Union Emissions Trading System (EU ETS). Another driver was the geopolitical context, with sanctions imposed to Russia and discontinued deliveries of gas via the Nord Stream 1 pipeline, and unavailability of a number of nuclear power plants.

Agreement for participation in the green certificate market

The Company is permitted to participate both in the centralized market of green certificates (MBGCC - market of bilateral green certificate contracts and SACMGC - spot anonymous centralized market in green certificates, under on the Agreement for participation in the green certificate market concluded on 23 November 2017. This Agreement was concluded by and between the Company, as participant, and OPCOM, as operator of the green certificate market.

The obligation to purchase green certificates depends on the volume of electricity supplied by the Company to end consumers. Given the reduced usages, of approximately 600 MWh per year, the number of green certificates the Company is bound to purchase is low.

Balancing market

The Company is a participant in the balancing market, but also a signatory of the Balancing Responsibility Agreement executed on 8 October 2018 with the transmission system operator, Transelectrica SA, which covers the sale and purchase of electricity between the parties further to the Company's generation/usage imbalances, which are set off by Transelectrica SA on the balancing market in accordance with the applicable legislation; this agreement was suspended further to delegation of the balancing responsibility.

Effective 24 June 2016, the Company has delegated its balancing responsibility to PRE Ciga Energy S.A. further to a competitive tenderer procedure, with a view to joining a more comprehensive PRE that would help it lower the costs related to the system imbalances caused by SNN, mutual setting off the individual imbalances and efficiently sharing the costs and benefits between the participants in PRE Ciga Energy S.A.

The positive imbalances observed in 2022 accounted for 0.4% of total sales, while the negative ones were 58% higher than the positive imbalances and 31% lower than those in 2021, mainly due to matters related to production planning, notification of quantities, technical variations or differences not contracted on the spot market.

Share of each product category in the income from the sale of electricity and in operating income in years 2021 – 2022:

Ratio [thousand RON]	2022		2021	
	[thousand RON]	%	[thousand RON]	%
Income from sale of electricity, of which:	6,366,543	97.44%	3,116,639	97.28%
Income from sale of electricity	6,337,878	99.55%	3,096,179	99.34%
Income from the sale of green certificates	33	0.00%	29	0.00%
Income from sale of thermal energy	5,729	0.09%	6,941	0.22%
Income from the transport of electricity	22,903	0.36%	13,490	0.43%
Other operating income	167,467	2.56%	87,241	2.72%
Total operating income	6,534,010	100%	3,203,880	100%

5.3.3. DEVELOPMENTS IN DOMESTIC AND/OR EXTERNAL SALES, AND MEDIUM AND LONG-TERM OUTLOOKS

Developments in sales on the main markets over the last 2 years, quantity- and value-wise:

Ratio [RON]	2022		2021	
	GWh	Value [thousand RON]	GWh	Value [thousand RON]
Sales of electricity, of which:	10,554	6,337,878	10,925	3,096,179
Regulated contracts	0	0	0.4	66
Contracts on the free market	10,513	6,309,457	10,891	3,082,025
- OPCOM contracts	9,409	4,979,103	9,485	2,394,286
- DAM/IDM	1,104	1,330,354	1,405	687,739
Balancing market ^{*)}	41	28,421	34	14,089

**) Figures related to the positive imbalances capitalized on the Balancing Market under the agreements concluded with the transmission system operator Transelectrica SA and the results of internal settlements on PRE Ciga Energy.*

The monthly quantities of electricity sold under contracts varied insignificantly at contracting, from one quarter to another, compared to the production forecast for the periods concerned. Thus, in the second quarter of 2022, smaller amounts of electricity were sold were recorded due to the scheduled shutdown at Unit 1 in 8 May - 28 June 2022.

Also, SNN delivers heat to the town of Cernavodă, but the related receipts are insignificant out of the total revenues (RON 5.73 million in 2022 and RON 6.94 million in 2021).

Effective 2021, the energy market was opened to competition further to the amendments made to Law no. 123/2012.

5.3.4. COMPETITION, PRODUCT MARKET SHARE, AND KEY COMPETITORS

The participants in the Romanian electricity market accredited by ANRE are:

- ❖ Electricity producers;
- ❖ Company for the Transmission of Electricity, Transelectrica S.A.;
- ❖ Electricity distributors;
- ❖ Electricity suppliers;
- ❖ Electricity traders.

In 2022, the electricity was delivered on the competitive market.

Before the date of this Report, there is no data published by ANRE about the 2022 electricity market, as at 31 December 2022. According to the ANRE market monitoring report for October, the market share of producers with dispatchable units, depending on the electricity delivered to the networks in January-October, was 19.93% for SNN, while the same share calculated Hidroelectrica was of 26.80%; for C.E. Oltenia, it was 16.69%.

According to the statistical data centralized by Transelectrica SA to date, in 2022, SNN's production accounted for 19.3% of the total amount of electricity produced in Romania (net figures).

The structure of national gross electricity production is presented below:

Breakdown of electricity production	2022		2021	
	GWh	%	GWh	%
Classic thermal power plants	21,576	38.8%	20,046	37.3%
Hydropower plants	14,171	25.5%	16,054	29.9%
Nuclear power plants	11,088	19.9%	10,253	19.1%
Wind power plants	7,006	12.6%	5,704	10.6%
Photovoltaic power plants	1,772	3.2%	1,663	3.1%
Total	55,613	100%	53,720	100%

Source: National Institute of Statistics - Press release no. 36/2023

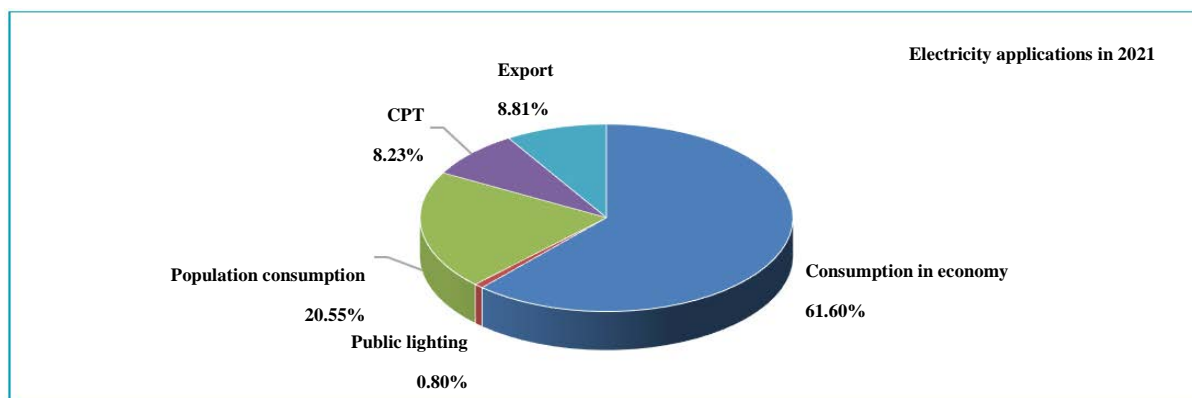
In 2022, Romania's estimated gross electricity production decreased by close to 5.8% v 2021, while the estimated consumption decreased by 7.2%. In 2022, the national export increased by 23.8% compared to the figure of the previous year, reaching 7,325.1 GWh, a volume that represents 58.5% of the population's consumption, which is 12,523.9 GWh, out a total domestic consumption of 51,708.9 GWh (taking any process consumption in networks and stations).

In 2022, the amount of electricity sold by SNN was 10,554 GWh (including the amount sold on the balancing market), while in 2021 the amount sold was 10,925 GWh (including the amount sold on the balancing market).

Thus, while the SNN sales accounted for approximately 19.6% of the final electricity consumption in the national economy in 2021, the sales on SNN accounted for approximately

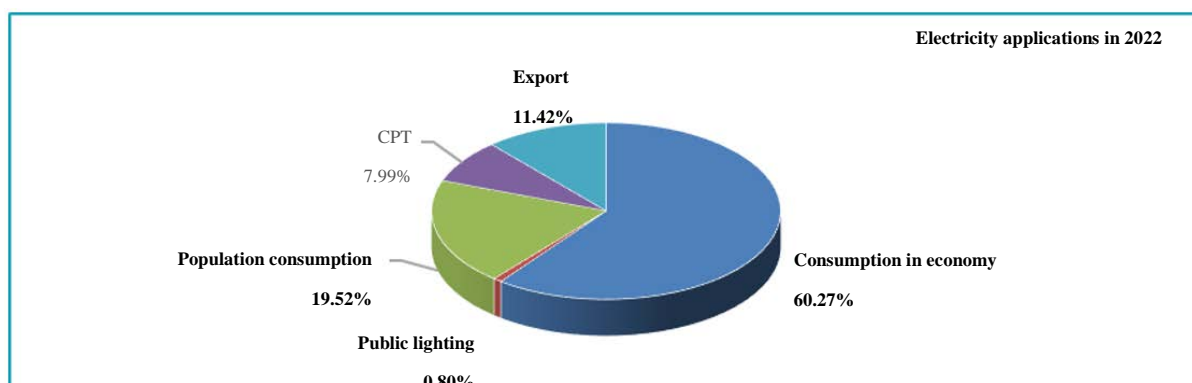
20.4% of the final electricity consumption in the national economy in 2022, i.e., 51,708.9 GWh (going down by 7.2% v 2021).

Breakdown on the electricity sources by applications, 2021 - 2022:



Source:

National Institute of Statistics - Press release no. 36/2022 (OPC: own process consumption in networks and stations).



Source:

National Institute of Statistics - Press release no. 36/2023 (OPC: own process consumption in networks and stations).

5.3.5. DEPENDENCE ON A SOLE CUSTOMER OR GROUP OF CUSTOMERS

For its 2022 deliveries, SNN concluded 419 electricity sales transactions with 36 buyers (there being instances where the same buyer was awarded more of the held auctions) on the centralized markets managed by OPCOM and under directly negotiated contracts. Of the 36 buyers on the competitive market, only 23 bought quantities of energy that exceed, individually, 1% of the total volume of SNN's sales on the competitive market under forward contracts. The top 3 buyers, ranked by the volume of electricity purchased from SNN, purchased a total of 33.7% of the electricity sold; the first ranked buyer took over 12.3%, and the second 10.9%.

Due to how electricity market is organized and considering the exposure to customers on the competitive market, plus the financial securities required under contracts, Company does not find any dependence on a sole customer or group of customers.

Based on the DAM and IDM participation agreements, in 2022, SNN sold to OPCOM (which acts as central counterparty) a quantity that accounted for 10.5% of the total volume of electricity sold by SNN in 2022. It cannot be concluded that there is a material dependence of the Company on a sole customer or group of customers the loss of which would have an adverse impact on revenues.

5.4. TECHNICAL AND MATERIAL SUPPLY

The technical and material supply of materials and products needed to carry out its activity comes from both domestic and imported sources.

SNN has secured sources of supply for the smooth pursuit of its core business, the stocks of raw materials and materials are appropriately sized for the continued operation of the 2 nuclear units of Cernavodă, as well as for the manufacture of nuclear fuel by NFP Pitești.

SNN, in its capacity as a Contracting Entity, defined according to the provisions of Law no. 99/2016 regarding sectoral acquisitions, has the obligation to acquire the products, services or works necessary for carrying out the relevant activity, through award procedures, which take place under the conditions regulated by the above-mentioned normative act, by the rule of open tender, negotiation without prior publication of a announcement of participation, simplified procedure or competitive negotiation.

In this context, in 2022, SNN initiated and performed as many as 243 tender procedures (excluding direct purchases and exceptions) for procurement of products, services and works, of an estimated cumulative amount of RON 2,274,162,453.

In total, in 2022, at central and branch level, a number of 1,120 sectoral purchase contracts were concluded (of which: 709 contracts, 92 subsequent contracts and 319 orders related to direct purchases initiated through SEAP). Also, within the SNN, a number of 365 additional documents were signed to the ongoing contracts.

The most important contracts concluded in 2022, grouped into the 3 categories regulated by Law no. 99/2016, are presented below.

A. Contracts for products by SNN in 2022

The technical and material supply is linked with:

For Cernavodă NPP Branch

Regarding the CNE Cernavoda Branch, the product requirement (consisting, as the case may be, of equipment, spare parts, materials, consumables, etc.) is the result of the evaluation of the preventive and corrective maintenance programs or, as the case may be, of the investment program, for Units 1 and 2 from CNE Cernavoda, including for the common objectives of the 2 units (such as, for example, the Intermediate Burnt Fuel Storage Facility - DICA).

Special importance is given to the purchase of critical spare parts. Critical spare parts are mainly intended for equipment whose failure can lead to the reduction of the redundancy of nuclear safety systems, for incidents that endanger the environment or the health of personnel, can cause transients in operation or the need to reduce power, can generate major equipment failures important of the Central.

For NFP Pitești Branch

Regarding the FCN Pitesti Branch, the Annual Manufacturing Requirement (NAF) is the result of the implementation of the annual fuel manufacturing plan, including the provision of reserve stocks in accordance with the company's strategy. Particular importance is given to the purchase of the raw material consisting of sinterable Uranium dioxide (UO₂) powder.

It should be mentioned that, according to the SNN Strategy for the diversification of sources of supply of raw materials necessary for the production of nuclear fuel, approved by the General Meeting of Shareholders by Resolution no. 5/25.04.2018, SNN initiated, starting with 2019, the steps necessary to change the raw material supply policy, to allow the purchase of uranium octoxide (U₃O₈) on the international market, and the progressive transition from exclusive supply, directly with UO₂, for the supply of U₃O₈ that will be processed by the Technical Concentrated Uranium Processing Plant SRL (FPCU), starting with the year 2023, in order to be used in the nuclear fuel manufacturing process at FCN Pitesti Branch.

For the purchase of U₃O₈, the award procedure through open bidding was completed and the framework agreement number 1446 of 18.11.2022 was signed, having as its object U₃O₈ (natural uranium concentrate) with a minimum uranium content of 84%, in a maximum value of 253,500. 000 USD, concluded with 2 economic operators (CAMECO CORPORATION and NAC KAZATOMPROM JSC), following an Open Bidding procedure, for a maximum quantity of 1,500,000 kg of U in U₃O₈.

In 2022, SNN concluded a number of contracts for supply of raw materials, spare parts, components and equipment, including computing technology, the most important of which are as follows:

- ❖ Contract no. 21 of 12.01.2022 having as its object the backup system that ensures the supply of important consumers from U0 in case of loss of supply from the SEN, in the amount of 3,355,268.90 LEI, concluded with ENERGOTECH SA, following an open tender procedure;
- ❖ Contract no. 358 of 17.03.2022 having as its object Servers and software necessary for the replacement of old equipment from the CNE Cernavoda endowment, in the amount of 6,390,640 LEI, concluded with MAGUAY COMPUTERS SRL, following an open Tender procedure;
- ❖ Framework agreement no. 359 of 17.03.2022 having as object Technical and special gases, in the amount of 7,187,914.08 LEI, concluded with SIAD ROMANIA SRL, following an open tender procedure;

❖ Contract no. 447 of 31.03.2022, having as its object the heavy water required to fill the reserve for Units 1 and 2 from CNE Cernavoda - 11,900 kg, worth 26,949,335 LEI, concluded with the NATIONAL ADMINISTRATION OF STATE RESERVES AND SPECIAL PROBLEMS - TERRITORIAL UNIT 515, following a Negotiation procedure without prior invitation to a competitive bidding procedure. The conclusion of the contract was approved by the CA with Decision no. 49 of 25.03.2022;

❖ Contract no. 1265 of 18.10.2022 with the object Spare parts for mechanical seals, in the amount of USD 1,126,156.30, concluded with SULZER PUMPS INC. following a Negotiation procedure without prior invitation to a competitive bidding procedure;

❖ Contract no. 1448 of 26.09.2022 having as object Spare parts for Dresser equipment, in the amount of USD 854,876, concluded with ROMANIAN CHEMICAL SERVICES S.R.L., following a Negotiation procedure without prior invitation to a competitive bidding procedure;

❖ Contract no. 1477 of 29.09.2022 having as object Automation components, in the amount of 1,177,099.83 Euro, concluded with EMERSON PROCESS MANAGEMENT ROMANIA S.R.L., following a Negotiation procedure without prior invitation to a competitive bidding procedure.

❖ Contract no. 1849 of 15.12.2022 having as object Spare parts for Dresser equipment, in the amount of 1,362,491.81 USD, concluded with ROMANIAN CHEMICAL SERVICES SRL following a Negotiation procedure without prior invitation to a competitive bidding procedure;

B. Services contracts concluded by SNN in 2022

SNN contracted two subscriptions with “Apele Romane” National Administration, as the sole operator of the water resources, as follows:

❖ Contract (subscription) no. 1936 of 23.12.2022 having as its object the use of water from the Danube for Cernavoda NPP (Unit 1 and Unit 2) in the year 2023, in the amount of 66,454,212 Lei, concluded with the NATIONAL ADMINISTRATION "ROMANIAN WATERS", as an exception to the application of Law no. . 99/2016 regarding sectoral acquisitions (art. 38). The conclusion of the contract was approved by the CA with Decision No. 214/09.11.2022.

The most important services contracts concluded by SNN in 2022 are:

❖ Contract no. 191 of 09.02.2022 having as its object Engineering Services for the elaboration of the Document of the Periodic Inspection Program of Tire Components (PIPCD) for units 1 and 2 of CNE Cernavoda in accordance with the requirements of the standard CSA N285.5 edition 2018, in the amount of 1,450,000 LEI, concluded with KINECTRICS NUCLEAR ROMANIA SRL, following a simplified procedure;

- ❖ Contract no. 272 of 01.03.2022 with the object Professional services, including insurance of spare parts, for the preventive maintenance of 2 Diesel engines (#3364 and 3365), manufactured by Pielstick and their auxiliaries from CNE Cernavoda, in the amount of 3,877,882.34 EURO, concluded with MAN ENERGY SOLUTIONS FRANCE SAS (MAN ES SAS), following a Negotiation procedure without prior invitation to a competitive bidding procedure;
- ❖ Contract no. 343 of 16.03.2022 having as its subject Professional liability/civil liability insurance services of the administrators and directors of SNN, in the amount of 169,900 EURO, concluded with ASIROM VIENNA INSURANCE GROUP SA, following a simplified procedure;
- ❖ Contract no. 442 of 31.03.2022 having as its object Fire Prevention Services on the CNE Cernavodă site and in the external objectives of CNE Cernavodă, in the amount of 10,785,600 LEI, concluded with NUCLEARELECTRICA SERV SRL, as an exception to the application of Law no. 99/2016 regarding sectoral acquisitions (art. 47). The conclusion of the contract was approved by the CA with Decision no. 69 of 30.03.2022;
- ❖ Contract no. 504 of 07.04.2022 having as its object Complete Services (engineering and implementation) for Unit 1 CNE Cernavoda, for the maximum movement of the free end of some fuel channels and modification of the project of the fuel channels to ensure sufficient margin of operation until 245,000 EFPH, in the amount of CAD 8,450,000, concluded with CANDU ENERGY INC, following a Negotiation procedure without prior invitation to a competitive bidding procedure;
- ❖ Framework agreement no. 592 of 11.04.2022 with the object Lifetime evaluation services, inspections and maintenance for the Steam Generators from CNE Cernavoda Unit 1 in the period 2022 - 2027 and Unit 2 in the period 2022 - 2032, in the amount of 48,931,817.22 CAD, concluded with BWXT CANADA LTD, following a Negotiation procedure without prior invitation to a bidding procedural competition;
- ❖ Contract no. 764 of 12.05.2022 having as its object Services for the completion and updating of the preliminary decommissioning plan and the related cost report for the decommissioning of Unit 1, Unit 2 and the Intermediate Burned Fuel Storage Facility (DICA) at the Cernavoda NPP site, in the amount of 800,000 Euros, concluded with KINELECTRICS NUCLEAR ROMANIA, following an Open Bidding procedure;
- ❖ Contract no. 768 of 12.05.2022 having as its object Services and software products for the replacement of the EDMS Curator document management system, integration with the ABB Asset Suite application, technical support services and the expansion of the implementation with Document Management functionalities at the level of SNN's business processes, in the amount of 3,663,566.56 EURO, concluded with ASOCIEREA NTT DATA ROMANIA AND QUEST IT SERVICES, following an open Bidding procedure;

- ❖ Framework agreement no. 816 of 23.05.2022 having as its object Radioactive water treatment services, worth 4,169,500 LEI, concluded with RATEN - ICN Pitesti following a Negotiation procedure without prior invitation to a competitive bidding procedure. The conclusion of the framework agreement was approved by the CA with Decision no. 78/28.04.2022;
- ❖ Contract no. 872 of 02.06.2022 having as its object Legal assistance/consulting services in connection with the major investment objectives as well as the major strategic objectives from the investment strategy of Societatii Nationale Nuclearelectrica S.A., in the amount of 2,500,000 EURO, concluded with HUNTON ANDREWS KURTH LLP, as an exception to the application of Law no. 99/2016 regarding sectoral acquisitions (art. 124 paragraph (1));
- ❖ Contract no. 878 of 03.06.2022 having as its object Technical IT maintenance services and repairs with the guarantee of putting them back into operation in a maximum of 24/48 hours/10 days for Hewlett Packard (HP) servers and equipment from CNE Cernavodă equipment, in the amount of 2,548,896 EURO, concluded with the MAGUAY COMPUTERS AND PHOENIX IT ASSOCIATION, following an open Bidding procedure;
- ❖ Contract no. 969 of 20.06.2022 having as object Repair services for MIB VN3 F1900 150-8 type motors related to NMV 1000 type electric pumps (Technical Service Water System - BSI71310) and MIB N3 1000L 150-8 type motors related to F 24 NDS type electric pumps (System Cooling Water Intermediary - BSI 71340), in the amount of 4,483,261.26 LEI, concluded with ELECTRICAL INSTALLATION, following an open Bidding procedure;
- ❖ Contract (Policy) no. 1079 of 01.07.2022 with the object Property insurance services - Units 1 and 2 CNE Cernavoda and FCN Pitesti for material damage, all risks, including mechanical and electrical destruction, in the amount of USD 1,178,805, concluded with NUCLEAR RISK INSURERS LTD (co-insurance with the ROMAN ATOMIC RISK INSURANCE POOL) following a Negotiation procedure without prior invitation to a competitive bidding procedure;
- ❖ Contract no. 1108 of 08.07.2022 with the object Engineering services necessary for the purpose of drawing up the documentation for the purchase of the reactor components with a long manufacturing term that will be replaced during the Refurbishment of Unit 1 and for the evaluation of the condition of the set of specialized tools that will be used for the replacement of the reactor components and the preparation of the documentation for the acquisition of the landmarks that require replacement/modification, in the amount of CAD 64,280,000, concluded with CANDU ENERGY INC., following a Negotiation procedure without prior invitation to a competitive bidding procedure;
- ❖ Contract no. 1243 of 04.08.2022 having as its subject Technical assistance and maintenance services for the PROCNET and DCC industrial networks related to Units 1 and 2 from CNE Cernavodă, in the amount of 3,252,496 LEI, concluded with ENEVO GROUP S.R.L., following a procedure of Open auction;

- ❖ Contract no. 1261 of 10.08.2022 with the object Complete repair and maintenance services of the constructions and sanitary installations related to the houses owned by SNN - Cernavoda CNE Branch, of the accommodation spaces and all other objectives under the responsibility of the Cernavoda CNE Accommodation Complex Administration Bureau, in the amount of 12,072,056 LEI, concluded with ASOCIEREA UNIFY CO LTD S.R.L., NIMB CONSMETAL S.R.L., PEGAS IMPEX S.R.L., following an open Bidding procedure;

- ❖ Contract no. 1272 of 11.08.2022 having as its object Decontamination/washing, sanitizing and maintenance services of reusable radioprotection equipment, in the amount of 9,926,700 LEI, concluded with NUCLEARELECTRICA SERV S.R.L., as an exception to the application of Law no. 99/2016 regarding sectoral acquisitions (art. 47). The conclusion of the contract was approved by the CA with Decision no. 150/10.08.2022;

- ❖ Contract no. 1273 of 11.08.2022 having as its object Processing and characterization services of radioactive waste resulting from the activities of the Cernavoda CNE Branch, in the amount of 5,284,080 LEI, concluded with NUCLEARELECTRICA SERV S.R.L., as an exception to the application of Law no. 99/2016 regarding sectoral acquisitions (art. 47). The conclusion of the contract was approved by the CA with Decision no. 151/10.08.2022;

- ❖ Contract no. 1611 of 28.10.2022 having as its object Repair activities of epoxy linings, repairs and maintenance of waterproofing, roofs and thermal insulation of buildings, structures and equipment in the Cernavoda NPP Protected Area (U1, U2, U0, DICA), in the amount of 33,767,504 Lei , concluded with STIZO NUCLEAR SA following an Open Bidding procedure;

- ❖ Contract no. 1647 of 04.11.2022 with the object Scaffolding assembly/disassembly services and perimeter scaffolding insurance in the protected premises U1/U2/DICA CNE Cernavoda, in the amount of 46,779,000 Lei, concluded with NUCLEARELECTRICA SERV S.R.L. - SNN branch, as an exception to the application of Law no. 99/2016 regarding sectoral acquisitions (art. 47). The conclusion of the contract was approved by the CA with Decision no. 194/21.10.2022;

- ❖ Contract no. 1648 of 04.11.2022 with the object Maintenance and cleaning services of fireplaces, basins, tanks in the protected premises of CNE Cernavoda U1, U2 and DICA, in the amount of 33,681,640 Lei, concluded with NUCLEARELECTRICA SERV S.R.L. - SNN branch, as an exception to the application of Law no. 99/2016 regarding sectoral acquisitions (art. 47). The conclusion of the contract was approved by the CA with Decision no. 196/21.10.2022;

- ❖ Contract no. 1649 of 04.11.2022 having as object Services for assembling/disassembling ventilated tents, making/assembling wooden platforms from the protected premises of CNE Cernavoda U0, U1, U2 and DICA, in the amount of 12,259,820 Lei, concluded with NUCLEARELECTRICA SERV S.R.L. - SNN branch, as an exception to the application of Law no. 99/2016 regarding sectoral acquisitions (art. 47). The conclusion of the contract was approved by the CA with Decision no. 195/21.10.2022;

❖ Contract no. 1654 of 07.11.2022 having as its object Corrective maintenance services, including engineering solutions and spare parts assurance, for sets of Diesel and auxiliary generators for emergency power supply (EPS), in the amount of 1,264,600 Euros, concluded with The association formed by INKLA TRADING & ENGINEERING GMBH and 2H ENERGY, following an open tender procedure;

❖ Contract no. 1796 of 07.12.2022 having as its object Technical assistance for the development and independent verification of reactor overpower protection and deterministic nuclear safety analyzes for Cernavoda NPP, in the amount of CAD 2,650,000, concluded with CANDU ENERGY INC., in following a Negotiation procedure without prior invitation to a competitive bidding procedure;

C. Important contracts for works concluded by SNN in 2022

❖ Contract no. 1159 of 21.07.2022 having as its object the continuation of the execution and the completion of the necessary works to change the destination of the existing buildings on the site of Unit 5 from that for a nuclear power plant to that for other useful support objectives during the lifetime of Units 1 and 2 in operation and future Units 3 and 4 of CNE Cernavodă in order to ensure their operation in nuclear safety conditions, in the amount of 98,750,131.76 LEI, concluded with ASOCIEREA BOG'ART S.R.L., NIMB CONSMETAL S.R.L., ENERGOTECH S.A. and DRUMURI BIHOR S.A. following an open tender procedure.

5.5. HUMAN RESOURCES ACTIVITY

The HR activity of SNN in 2022 pursued the following objectives:

- ❖ Maintaining the staff stability and increasing their engagement through appropriate financial and non-financial incentive tools;
- ❖ Maintaining an open and effective dialogue between the management and the social dialogue partners - Trade Unions.

5.5.1. NUMBERS, TRAINING AND UNIONIZATION OF WORKFORCE

Average number of employees with definite-term individual employment agreements in years 2020-2022:

Ratio*	2022	2021	2020
The average number of employees, of which:	2,221	2,002	2,028
- Indefinite term	2,170	1,958	1,986
- Definite term	51	44	42

Note (*): Average number according to S1 report – Statistics.

Of the effective headcount of 2,345 (2021: 2,205), the staff structure according to their training/education, for staff with higher and secondary education, is as follows:

Training/education*	2022	2021	2020
Higher education	1,156	1,085	970
Secondary education	1,189	1,120	1,041
Total	2,345	2,205	2,011

Note (*): Reporting was done according to the requirements of the position held by the employee.

As at 31 December 2022, 3 trade unions operate in SNN:

- ❖ "Cernavodă NPP" trade union, a representative union, according to Resolution no. 825/08.08.2012 of the Medgidia District Court;
- ❖ "Energetica Nucleara '90" Cernavodă Free Trade Union (SLEN '90);
- ❖ "Fabricatie Combustibil Nuclear" trade union of Pitești;

As at 31 December 2022, about 58% of the total headcount are trade union members (1,360 employees are trade union members out of a total of 2,345 employees).

The work safety programme and the workers' health surveillance were aimed at controlling the risks of accidents at work and/or occupational illness. All performance indicators remained in the area of excellence. No accidents at work or occupational illnesses were recorded.

5.5.2. RELATIONS BETWEEN MANAGEMENT AND EMPLOYEES

The rights and duties of employees are laid down in the Collective Bargaining Agreement ("CBA") of SNN, the Individual Employment Agreements ("IEAs") and the Company's Internal Regulation. The rights and duties of employees, as laid down in the CBA, are worded so as to respect the human rights and the right to work according to the applicable legislation, and employees enjoy at all times an equal and non-discriminatory treatment, as per the international nuclear industry standards, read in connection with the legislation and the incentive packages adapted to the macroeconomic and microeconomic context of Romania.

The employees' work is rendered according to the defined working hours, their job descriptions, and the Organization and Functioning Regulation ("ROF"), which was revised in 2022 to update the activities, competencies and responsibilities in the processes carried out by each entity organizational structure of the Company, the rules for the establishment of the organizational entities of the organizational structure of SNN and the subordination relations of the organizational structures in accordance with the organizational charts valid as of 1 February 2022, 1 August 2022 and 25 November 2022, including the subordination/functional and administrative coordination relations between organizational entities of the Company's headquarters and branches. The updated ROF was approved by the SNN Board of Directors under the Decision no. 79/28.04.2022. The key activities, duties and tasks, as well as the

relations between the functional departments of the Company's organizational structure are provided in the updated ROF. Application of the legal provisions and the internal regulatory provisions on work discipline is set out in the Internal Regulation revised in March 2022 and applicable as of 1 April 2022.

The regulatory act that governs the labour relations in the Company is the Labour Code - Law no. 53/2003, as subsequently amended and supplemented, based on which, in 2021, a new CBA was negotiated between the Company's Board of Directors and employees (represented by Cernavodă NPP Trade Union - a representative and duly incorporated unit-level trade union), registered with the Ministry of Labour on 27 September 2021 and taking effects between 1 October 2021 and 30 September 2023.

The Company currently applies a standard Individual Employment Agreement (IEA) for both limited-term employees, and those employed under open-ended contracts, which is the IEA implemented under the SNN CBA, the provisions of which are compliant with the relevant legislation and the clauses of the Order no. 64/2003 approving the template Individual Employment Agreement.

The Company professionally appraises its employees based on an internal procedure, annually or regularly, ever 3 to 6 months (for the staff under observation). The staff performance appraisal procedure was revised at the end of 2020, it applies since 2021 and contains a unique methodology and form applicable across the entire Company, with individual performance indicators (KPI) cascaded from the overall objectives of the Company.

The updated Internal Regulation, applicable in the Company, as revised in March 2022 and applicable as of 1 April 2022, contains all the categories of provisions provided by the Labour Code. The Internal Regulation was communicated to the employees on the Company's Intranet and, after such communication, is fully enforceable against employees.

In 2022, the certification according to the standard ISO 37001:2016 - Anti-Bribery Management System was maintained. The ISO Standard 37001:2016 provides the requirements and the corresponding guide for organizations so that they are able to establish, implement, maintain and improve an anti-bribery management system, in accordance with the best international practices in the field. The main purpose of this standard is to put in place a management system that fosters a culture of integrity, transparency, openness and compliance in the organization that would help the organization avoid or mitigate the risks and costs of bribery and build trust in the relationships between partners.

In 2022, no collective layoffs and no labour conflicts occurred in the Company. There are no current plans to restructure/reduce the staffing.

5.6. ENVIRONMENTAL PROTECTION ACTIVITY

Currently, SNN holds a number of permits related to environmental protection, as follows:

Cernavodă NPP Branch

(i) Environmental Permit for S.N. Nuclearelectrica S.A. - Cernavodă NPP Branch - Unit no. 1 and Unit no. 2 of Cernavodă Nuclear Power Plant issued under the Government Decision no. 84/15.02.2019, published in the Official Gazette no. 152/26.02.2019, is valid under the Decision no. 6/09.12.2022 for application of the annual visa on the environmental permit, issued by the Ministry of Environment, Water and Forests. This permit covers all assets and activities related to operation of Unit 1 and Unit 2 of Cernavodă NPP, including both the nuclear component and the conventional component of the Plant.

(ii) Greenhouse Gas Emission Permit no. 38/25.01.2021, issued by the National Environmental Protection Agency for the application period 2021 - 2030, according to which the start-up thermal plant, the diesel groups and the emergency diesel groups of each unit, the pump of the fire water system, the mobile Diesel groups, the Diesel SFIS, the Diesel CCUA, and the three gensets fall under the scope of the legislation aimed at reducing the greenhouse gas emissions.

(iii) Water Management Permit amending the permit no. 58/01.07.2021 and no. 72/06.09.2021 for "Water supply and waste water discharge for Units 1 and 2 of Cernavodă Nuclear Power Plant", valid until 30 June 2026.

(iv) Water Management Permit no. 94/28.06.2022, issued by "Romanian Waters" National Administration for the "Cernavodă Spent Fuel Intermediate Storage (DICA)", valid until 30 June 2024. With this permit, "Romanian Waters" National Administration granted the Company the right to use the hydraulic engineering structures and receptors for the discharge of rainwater from the surface of the Spent Fuel Intermediate Storage and to discharge the rainwater into Cismeiei Valley, provided that the quality indicators related to the presence of radioactive elements observe the limits set out by NCNAC.

NFP Pitești Branch

The Environmental Permit of S.N. Nuclearelectrica S.A. - NFP Pitești Branch issued by the Government Decision no. 24/2019 published in the Official Gazette of Romania no. 87bis/04.02.2019 is valid further to the Decision no. 1/04.12.20203/18.01.2022 on application of the annual visa on the Environmental Permit, issued by the Ministry of Environment, Water and Forests.

In order to revise the Environmental Permit, NFP Pitești submitted to SNN SA the NFP letter no. 12182/13.10.2022 including the documentation prepared in accordance with the provisions of Article 14(1) of Order no. 1798/2007 approving the Environmental Permit Issue Procedure, as subsequently amended and supplemented.

As at 24 November 2022, the meeting of the Technical Review Board (TRB) was held online, in which the underlying documentation for the revision of the environmental permit submitted by NFP Pitești received a favourable clearance.

The Company holds certificates for its environmental management system, as follows:

(a) Certificate no. 56 concerning the Environmental Management System of SNN - Cernavodă NPP Branch for the Electricity and Heat Generation activity using nuclear sources and support and related activities, according to the conditions of the standard SR EN ISO 14001:2015 (ISO 14001:2015), issued by IQNet and SRAC on 10 June 2022 and valid until 14 December 2025.

(b) Certificate no. 4309 for the Environmental Management System of SNN - NFP Pitești Branch for its nuclear fuel processing activity, according to the conditions of the standard SR EN ISO 14001:2015, issued by IQNet and SRAC on 31 October June 2022 and valid until 5 November 2025 (subject to application of the annual visa).

Starting with 2020, NFP Pitești Branch is an EMAS registered organization, registration certificate no. RO-000018.

The impact of the operation of the Power Plant and the Nuclear Fuel Plant is continuously monitored and reported on according to the requirements of the nuclear operation and environmental permits. For both branches, in 2022, the Company observed the pollutant limits set out in the environmental permits.

In the period 1 January 2022 - 31 December 2022, no events with an impact on the environment, the population and the own and contractor's staff took place.

All environmental reports were prepared up and submitted at the requested times, in accordance with the provisions of the permits, protocols and additional requests.

According to the provisions of the Investors' Agreement, the Company was due to obtain the environmental agreement for the investment project "Continuation and completion of the works at Units 3 and 4 of Cernavodă NPP". The procedure for obtaining the environmental agreement was commenced in 2006 and ended in September 2013 with the issue of the environmental agreement. According to the specific environmental legislation for nuclear facilities, the environmental agreement was issued under the Government Decision no. 737/2013.

The total volume of solid radioactive waste produced in 2022, for both units of Cernavodă NPP, was 50.91 m³. In total, so far between 1996 and 2022, the total volume of radioactive solid waste, for both units, is 1,102.97 m³.

This is stored inside the physical protection fence of the Power Plant, in the Radioactive Solid Waste Intermediate Storage.

The Cernavodă NPP's spent fuel management policy covers:

- (a) Wet storage in the unit's Spent Fuel Pool, for a period of at least 6 years;
- (b) Dry storage in the Spent Fuel Intermediate Storage, for a period of at least 50 years.

The Spent Fuel Intermediate Storage ("DICA") is located on the site of Cernavodă NPP, and is carried on an in-premises road that allows maintenance of an integrated physical protection system.

Storage is staged-out in accordance with the DICA long-term development strategy. So far, as many as 14 MACSTOR 200 modules have been made, with a capacity of 12,000 bundles per module.

In 2022, 5,400 bundles from Unit 1 and 4,800 bundles from Unit 2 were transferred to the Spent Fuel Intermediate Storage.

NFP Pitești monitors the radioactive gaseous effluents released into the atmosphere through dispersion stacks, as well as the radioactive waste water/radioactive liquid effluents transferred to the Pitești Nuclear Research Institute's Treatment Plant, in accordance with the permitted conditions. According to these conditions, NFP Pitești may not release into the atmosphere more than $1 \times 10^9 \text{ m}^3$ of gaseous effluents containing airborne natural uranium powders, with a maximum concentration of the natural uranium in the gaseous effluents released into the atmosphere of $5 \mu\text{g. U/m}^3$, i.e., maximum 5 kg U/year. The amount of natural uranium released into the atmosphere was 9.08% of the maximum permitted amount of natural uranium. The volume of radioactive gaseous effluents released into the atmosphere in 2022 was 78.9% of the authorized volume.

In 2022, NFP Pitești transferred 850 m³ of radioactive liquid effluents to the Treatment Plant of the Nuclear Research Institute (TP-NRI), which represented 42.5% of the maximum authorized volume.

270 m³ of radioactive liquid waste were transferred for treatment to the Radioactive Waste Treatment Plant of the Nuclear Research Institute (RWTP-NRI).

15,383.4 kg of non-combustible radioactive solid waste (NCRSW), and 3,408.4 kg of combustible radioactive solid waste (CRSW) were generated. Two transfers of 11,888.4 kg of non-combustible radioactive solid waste (NCRSW) were made from CNU, Feldioara Branch, to the Low Activity Solid Waste Final Disposal Landfill of Feldioara, for final disposal. Also, 5,868.2 kg of combustible solid radioactive waste (CRSW) were transferred for incineration to RWTS-NRI Pitești.

5.7. RADIATION PROTECTION PROGRAMME

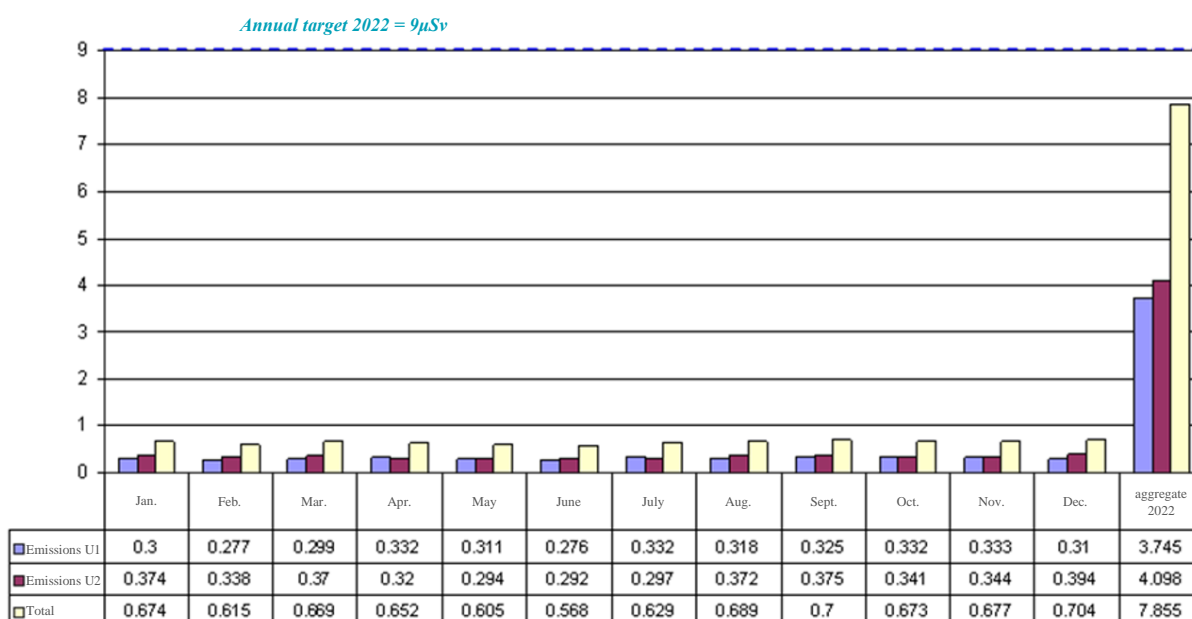
The main objective of the SNN staff radiation exposure control process is to keep occupational exposures as low as reasonably achievable (the ALARA principle).

The effectiveness of the ALARA policy in Cernavodă NPP is monitored by performance indicators and their regular reporting and analysis.

Radioprotection performance indicators give a measure of the effectiveness of the radiation protection programmes in optimizing radiation exposure for the Power Plant's staff.

Radioactive emissions in the air and water were far below the limits permitted for the Power Plant. The annual effective dose for a person of the critical group, due to radioactive emissions into the environment (Unit 1 and Unit 2) was 0.0078 mSv in 2021, while the average annual dose received by a member of the public from background radiation is 2.4 mSv. More detailed information on the radiological impact is provided by the SNN "Environmental Report".

Radioactive emissions into the environment, U1 + U2 in 2022 (microSv)



In 2022, the collective dose achieved was 728.35 om mSv, the average annual dose for workers with recordable doses was 0.98 mSv, and the maximum individual dose was 7.961 mSv. The legal limit for the effective dose, for occupationally exposed workers, is 20 mSv/year, and the administrative limit at the NPP is 14 mSv/year. None of these limits has been exceeded.

At the end of 2022, the collective internal dose reached 172.38 om mSv, i.e., 23.67% of the total dose across the Power Plant.

The Radiation Protection Department prepares and submits regular reports on the developments observed in collective doses and ALARA performance indicators, thus

increasing the engagement of the Power Plant's staff in the control and optimization of the occupational exposure to ionizing radiation. How these objectives are attained is tracked via ALARA process, and the ALARA committees operate with excellent results. With an average dose per unit of 364.2 om mSv, Cernavodă NPP remains, according to the latest information, one of the best performing power plants in the CANDU group.

The radioprotection programme of the NFP Pitești Branch aims to maintain exposure to ionizing radiation at the lowest levels possible, provide individual radiological monitoring and work environment monitoring in accordance with the legislation in force and the requirements of the operating permits issued by NCNAC.

Because they are externally exposed to ionizing radiation, all NFP Pitești staff are monitored using a system with Thermoluminescent Dosimeters (TLDs) measured in the NFP Staff Radioprotection and Dosimetry Laboratory (RPDL-NFP), designated by NCNAC as a Dosimetric Body with the Qualification certificate NFP ODD 12/2020, valid for the period 27 October 2020 – 26 October 2025.

In 2022, the collective dose of NFP was 476,002 om mSv, of which the collective dose due to external exposure was 428,118 om mSv (approximately 90% of the total collective dose). Collective dose due to internal exposure was 47,884 om mSv (approximately 10% of the total collective dose). The average annual individual dose was 286 mSv/year, representing 8.57% of the documentary control limit for the effective annual individual dose of occupationally exposed staff that NFP Pitești imposed (LCA-15 mSv).

In 2022, NFP Pitești manufactured 10,826 bundles using natural uranium dioxide. Of these, 10,826 bundles were delivered to Cernavodă NPP, for the 2 Units in operation, as follows: 5,543 nuclear fuel bundles to Unit 1, and 5,283 nuclear fuel bundles to Unit 2.

The nuclear fuel failure rate in 2022 was 0% for Unit 1 and 0% for Unit 2. For 2022, the average discharge burnup rate was 167.9235. MWh/kg U for Unit 1, and 179.8679 MWh/kg U for Unit 2. Thus, the high quality and performance of the nuclear fuel produced were validated in operation of the 2 reactors.

NFP Pitești continued to monitor both the involved staff and the means of transport, with a view to running correlated analyses of the doses, and reporting annually to NCNAC on their status, and after each shipment, it prepared a report on its performance.

5.8. RESEARCH - DEVELOPMENT ACTIVITY

The Company is not directly involved in research and development activities, but as a member of various industry organizations and professional associations, benefits of the results of the studies and the researches conducted by them.

5.9. OPERATING PERMITS AND LICENSES

The Company pursues its business via its two Branches based on the following main categories of specific permits, special licenses and specific rights:

- a) Site Permit no. I/605/30.09.1978, issued by the State Committee for Nuclear Energy;
- b) Nuclear permits issued by the National Commission for Nuclear Activities Control (NCNAC);
- c) Licenses issued by the Romanian Energy Regulatory Authority (ANRE);
- d) Other authorizations.

(a) Site Permit no. I/605/30.09.1978, issued by the State Committee for Nuclear Energy

The Site Permit was issued for erection of a CANDU-PHWR 4x660MWe nuclear power plant, consisting of four nuclear reactors, on the site of Cernavodă. The permit was issued pursuant to Law no. 61/1974 and of the Nuclear Safety Rules "Nuclear Reactors and Nuclear Power Plants" of 1975, and provides for the main technical characteristics of the nuclear power plant.

(b) Nuclear permits issued by NCNAC

According to Article 8(1) of Law no. 111/1996, operators are required to obtain specific permits issued by NCNAC, in observance of the permitting procedure specific to each kind of activity or source, in order to carry out their activities and/or use the sources falling under the scope of this regulatory act. At the end of 2022, SNN holds the following valid permits in the nuclear field:

(i) Nuclear permits issued by NCNAC for the Cernavodă NPP Branch:

- Nuclear safety permit for operation and maintenance of the Cernavodă Nuclear Power Plant, Unit 1, permit no. SNN Cernavodă NPP U1 - 01/2013. The permit was for a period of 10 years, from 1 May 2013 until 30 April 2023;
- Nuclear safety permit for operation and maintenance of the Cernavodă Nuclear Power Plant, Unit 2, permit no. SNN Cernavodă NPP U2 - 01/2020. The permit was for a period of 10 years, from 8 December 2020 until 7 December 2030;
- Building Permit for Modules 12, 13, 14, 15, 16 and 17 of the Spent Fuel Intermediate Storage, permit no. SNN DICA Building 02/2020. The permit is valid until 19 August 2025;
- Permit for operation and maintenance of Modules 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 and 14, of the Spent Fuel Intermediate Storage, i.e., permit no. SNN DICA 09/2023. The permit was issued on 9 January 2023 and is valid until 15 July 2053;
- Quality management system permit for nuclear operation, design, supply, repair and maintenance activities, and operation of nuclear software products in the nuclear field. Permit

no. SNN Cernavodă NPP - 01/2021 is issued for a period of 2 years, from 1 May 2021 until 30 April 2023.

(ii) Nuclear permits issued by NCNAC for the NFP Pitești Branch:

(a) Permit for the Quality Management System in the nuclear field no. 22-038 issued under Article 24 of Law no. 111/1996, for the nuclear fuel manufacturing activities, valid for 2 years, from 18 September 2022 and until 17 September 2024;

(b) 8 permits to perform activities in the nuclear field:

- i. Permit LD/266/2022 for performance of activities in the nuclear field, issued by NCNAC for NFP Pitești to HOLD closed sources of ionizing radiation, radiological plants with sources of ionizing radiation, devices generating ionizing radiation, nuclear fuel production facilities, nuclear fuel, nuclear materials, nuclear fuel bundles, radioactive waste, materials of nuclear interest and dual-use materials provided in the Government Decision no. 916/2002, valid from 15 November 2022 and until 30 January 2024;
- ii. Permit LD/268/2022 for performance of activities in the nuclear field, issued by NCNAC for NFP Pitești to USE closed sources of ionizing radiation, radiological plants with closed sources of ionizing radiation, radiological plants with closed sources of ionizing radiation, and devices generating ionizing radiation, valid from 15 November 2022 and until 30 January 2024;
- iii. Permit DN/021/2022 for performance of nuclear activities, issued by NCNAC for NFP Pitești to handle closed sources of ionizing radiation, nuclear materials, nuclear fuel, radiological plants with closed sources of ionizing radiation, devices generating ionizing radiation and waste radioactive, valid from 31 January 2022 and until 30 January 2024;
- iv. Permit LD/2678/2022 for performance of activities in the nuclear field, issued by NCNAC for NFP Pitești to PRODUCE nuclear fuel, valid from 15 November 2022 and until 30 January 2024;
- v. Permit LD/023/2022 for performance of activities in the nuclear field, issued by NCNAC for NFP Pitești to TEMPORARILY STORE nuclear materials, nuclear fuel type CANDU-6 and radioactive waste valid from 31 January 2022 and until 30 January 2024;
- vi. Permit LD/024/2022 for performance of activities in the nuclear field, issued by NCNAC for NFP Pitești to SUPPLY nuclear materials, and nuclear fuel type CANDU-6 valid from 31 January 2022 and until 30 January 2024;
- vii. NFP Transport Permit 20/2018 for transport of radioactive materials valid from 10 January 2019 and until 9 January 2024;
- viii. Permit PM/219/2021 for possession of unpublished information valid from 29 November 2021 and until 28 November 2026.

(c) Under the Qualification Certificate no. NFP-ODD 12/2020, NCNAC updated the qualification of the staff radiation protection and dosimetry laboratory of NFP Pitești as a Dosimetry Body, valid from 27 October 2020 until 26 October 2025.

(d) CLEARANCE no. 956/20.03.2017 for the jobs in NFP Pitești classified in radiological risk categories I-IV and special conditions, valid from 1 September 2021 and until 1 September 2023.

(iii) Nuclear permits for the Headquarters:

- (a) Quality management system permit for operating nuclear management activities. Permit no. SNN EX - 01/2021 is issued for a period of 2 years, from 1 May 2021 until 30 April 2023;
- (b) Permit no. PD/229/2021 for possession of heavy water for Units 3 and 4, valid from 17 November 2021 until 25 October 2023.

(iv) NCNAC authorized staff

In the SNN Headquarters, there are 4 operation permits issued according to the NCNAC rules, for management positions, one permit for independent assessment of nuclear safety and a Level 3 operation permit for nuclear raw materials, mining and ore processing specialty.

For Cernavodă NPP Branch, the Company holds 19 NCNAC operation permits for the management staff, 4 NCNAC operation permits for the training staff, and 45 NCNAC operation permits for the operational staff of the control rooms of the two Units, as well as 4 permits for independent assessment of nuclear safety, in GEI.

For NFP Pitești Branch, the Company holds 4 NCNAC operation permits for the management staff and 30 operation permits in the nuclear field, Level 2, as well as 2 permits for independent assessment of nuclear safety, in CEI.

(c) Licenses issued by ANRE

According to the Regulation for the granting of licenses and permits in the electricity sector, as approved under the Government Decision no. 540/2004, the activities of electricity supply, electricity general and heat generation in cogeneration facilities are carried out under licenses issued by ANRE for this purpose.

The Company holds, at the date of the Report, the following licenses issued by ANRE:

- a) License no. 5/03.12.1999 for generation of electricity, issued under the ANRE Decision no. 80/03.12.1999;
- b) License no. 2218/27.05.2020 for commercial exploitation of heat generation facilities, issued under the ANRE Decision no. 848/27.05.2020.

The Company complied, both during the previous years and in 2022, with the provisions of the conditions attached with the licenses listed above.

License no. 5/03.12.1999 concerns authorization of the Company to carry out the electricity generation activity through commercial operation of the energy facilities related to the

electricity generation units. The license came into force on 3 December 1999 and is valid for a period of 25 years. Under the ANRE Decision no. 1683/01.11.2007, the license was amended in the sense that the installed power of the energy facilities of the Company increases from 706.5 MW up to 1,413 MW and other conditions related to the license were approved after the commissioning of Unit 2 of Cernavodă.

License no. 2218/27.05.2020 concerns authorization of the Company to carry out commercial operation of the heat production facilities related to the electricity and heat generation units, consisting of two heat exchangers with a total heat power of 44 Gcal/h and 40 MW. The license came into force on 27 May 2020 and is valid for a period of 25 years.

License no. 2236/30.09.2020 for the supply of electricity was valid as of 21 October 2020 until 12 July 2022, and concerned the authorization of the Company to carry out the supply electricity on the retail electricity market. The license was withdrawn at request under the ANRE Decision 1181/13.07.2022.

(d) Other permits and authorizations

- ISCIR regulatory documents;
- Declaration to the National Anti-Drug Agency;
- Licenses issued by the Romanian Communications Regulatory Authority (ANCOM). Cernavodă NPP obtained from ANCOM 5 licenses for the use of radio frequencies, while NFP Pitești obtained 10 such licenses;
- Fire safety permits;
- Sanitary permits.

In the field of environmental protection, permits and certificates were presented separately in the report.

5.10. NUCLEAR SAFETY

The permanent maintenance of a high level of nuclear safety in all phases of performance and operation of nuclear objectives and facilities is of vital importance and constitutes the first priority for SNN.

SNN has developed and respects a nuclear safety policy that was approved by NCNAC, in order to maintain a high and constant level of nuclear safety in all phases of the commissioning and exploitation process of nuclear installations. The nuclear safety policy provides guarantees of good execution for all important activities regarding nuclear safety, in all phases of implementation and exploitation of nuclear installations. This document confirms that nuclear safety has the highest priority.

Nuclear safety as a field is a set of technical and organizational measures intended to:

- ensure the safe operation of nuclear facilities;
- to prevent and limit their deterioration;
- to ensure the protection of the staff, the population and the environment against radiation or radioactive contamination.

The high level of nuclear safety is ensured by the way in which nuclear facilities are designed, built and operated. The risk generated by the nuclear fuel from the reactors on the population and the external environment is minimal, due to the fact that:

- (i) The power of the reactor is under control;
- (ii) The fuel is cooled down;
- (iii) The radioactivity is retained, and all are performed continuously.

The nuclear safety philosophy of CANDU-type power plants is based on the concept of "Defence in Depth", which ensures gradual protection in the event of equipment failures, human errors, transient regimes anticipated in operation or accidents, including severe accidents. For the implementation of this concept, the project foresees a number of successive protection barriers against the uncontrolled release of radioactive materials into the environment. In addition to the five major barriers against the release of fission products to the population from a CANDU-type power plant: fuel matrix, fuel sheath, primary circuit enclosure, envelope enclosure and exclusion zone; passive or active characteristics have been included in the system design, intended to prevent or limit the consequences of a process failure or accident sequences, which could otherwise lead to releases of radioactive materials into the environment.

So far, no CANDU-type nuclear power plant has reported events or accidents that threaten the health or safety of the population. To supplement the measures intended for the power plant's operation under full safety conditions, planning and preparation for emergency situations is a mandatory condition for authorizing a nuclear power plant to operate. At Cernavodă nuclear power plant, emergency preparedness is checked and improved in quarterly, annual or general drills (once every 3-4 years).

In the aftermath of the Fukushima accident, the European Commission and the Group of European Regulators of the Nuclear Society have decided that the nuclear safety of nuclear power plants in Europe should be reviewed based on transparent and extensive risk assessments, called "Stress Tests". The technical purpose of these stress tests was defined considering the risks that were highlighted by the events at Fukushima. Emphasis was placed on the following issues: the triggering events, such as earthquakes or floods, the consequences of the loss of the safety functions during these events, as well as the difficulties of managing severe accidents.

Cernavodă NPP, together with AECL Canada and Ansaldo Italy, issued the "Report on Reassessment of the Nuclear Safety Margins". The assessment conducted proves that Units 1 and 2 of Cernavodă NPP meet the nuclear safety requirements set out under the design and

can face severe earthquakes and floods, as well as the total loss of electricity supply and cooling water. In addition, methods and procedures were identified for the management of potential severe accidents. Also, methods were identified to prevent and limit the consequences of accidents that can cause melting of the active area.

In order to ensure good coordination with the competent Local Public Authorities on the response to emergency situations, Cernavodă NPP has set up two important facilities for the town of Cernavodă, namely: The Local Center for Emergencies of the Cernavodă Municipality and the Personal Decontamination Area, in the Cernavodă Town Hospital.

Decommissioning

In accordance with the Government Decision no. 1080/2007, the Nuclear and Radioactive Waste Agency ("NRWA") is responsible for collection and management of the contributions paid by SNN for the decommissioning of the two units and for the final disposal of the radioactive waste generated from operation and decommissioning of the units.

In years 2008 - 2022, SNN paid the following annual contributions to NRWA:

- (a) Contributions for decommissioning each unit in amount of EUR 0.6/MWh electricity produced and delivered in SEN;
- (b) Contributions for final disposal of radioactive waste and spent fuel, amounting of EUR 1.4/MWh of electricity produced and delivered in SEN.

5.11. INTEGRATED MANAGEMENT SYSTEM

SNN has developed and maintains a General Management System, which complies with the provisions of Law no. 111/1996, and the Quality Management Rules applicable in the nuclear field ("NMC"), issued by NCNAC. The SNN Management System is authorized by NCNAC according to Law no. 111/1996 under the Permit of the quality management system in the nuclear field for management activities; currently, the permit is held has no. SNN EX - 01/2021 and is valid until 30 April 2023.

The Management System developed and implemented in SNN SA addresses, in a coherent, coordinated and unitary fashion, the components related to nuclear safety, protection against ionizing radiation, environmental protection, quality, occupational health and safety, physical protection, protection against cyber threats, nuclear safeguard control, protection of classified information, planning and response to emergencies, sale of the electricity generated, and aspects related to the economic performance, and ensures that their requirements are not addressed separately from nuclear safety, as this takes priority over any other requirements, considerations and interests.

The implementation of the management system ensures identification and integration of all legal and regulatory requirements, good practices and voluntarily adopted standards, in order

to attain the general objectives of the Company and meet the expectations of all "stakeholders".

The requirements of the SNN Management System apply to all activities and processes carried out in SNN S.A.

The management of SNN SA has delegated to the Branches the responsibility for development and implementation of parts of the Management System of SNN, for the specific activities they carry out, without this leading to reduction of its responsibility for the effectiveness of the system as a whole. Consequently, the Branches have developed their own Management Systems aligned to the requirements of the SNN Management System, as well as to the legal requirements applicable to their specific field of business. The Management Systems of the Branches are reviewed and accepted by the SNN management.

The integrated management system applied by Cernavodă NPP focuses on meeting the nuclear safety requirements that stem from the NCNAC rules and requirements, which underlay the issue of the operating permit for Units 1 and 2 of Cernavodă and for the spent fuel storage (DICA), and is developed in accordance with the requirements of the IAEA GSR Part 2 standard and the NCNAC Rules for Quality Management Systems, voluntarily integrating the requirements of the management standards ISO 14001, ISO 45001, ISO 17025, ISO 27001, ISO 37001, *and* the requirements of the EMAS Regulation - Eco Management and Audit Scheme. The management system of Cernavodă NPP is authorized according to the requirements of Law no. 111/1996 on "Operation, design, supply, repair and maintenance, use and maintenance of nuclear software products activities" (NCNAC permit no. SNN Cernavodă NPP - 01/2021, valid until 30 April 2023).

The integrated management system applied by NFP Pitești focuses on meeting the requirements that stem from the NCNAC rules and requirements that underpin the issue the operating permits issued for the nuclear fuel production activity, and is developed in accordance with the requirements of the Canadian standard CSA N299.2-16 and the NCNAC Rules for Quality Management Systems, voluntarily integrating the requirements of the management standards ISO 14001, ISO 45001, ISO 17025, and ISO 37001 and the requirements of the EMAS Regulation - Eco Management and Audit Scheme. The management system of NFP Pitești is authorized according to the requirements of Law no. 111/1996 on "Manufacturing activities in the nuclear field, class 2 of gradual application, granted to the management system" (NCNAC permit no. 22-038, valid until 17 September 2024).

The branches Cernavodă NPP and NFP Pitești hold certificates for compliance of the Management System with the requirements of the standards ISO 14001 "Environmental Management Systems" and ISO 45001 "Occupational Health and Safety Management Systems".

Both branches are enrolled in the Eco-Management and Audit Scheme (EMAS), according to the Regulation (EC) no. 1221/2009 of the European Parliament and of the Council of 25 November 2009 on the voluntary participation by organizations in a Community eco-

management and audit scheme (EMAS) and the Regulation (EU) 2017/1505 of the Commission of 28 August 2017 amending Appendices I, II and III.

In SNN S.A., i.e., in the Headquarters and the Branches of Cernavodă NPP and NFP Pitești, an anti-bribery management system was implemented and certified according to the standard ISO 37001:2016. Integration of the anti-bribery system into the management system of SNN SA helps develop a culture of integrity and transparency, as well as a business environment that fosters ethics and compliance.

In accordance with the requirements of Law no. 111/1996, republished, as subsequently amended and supplemented, and with the NCNAC Rule for authorization of the quality management systems (NMC 01), Chapter VI, Article 12, the staff who design, develop and independently assess the management system in the nuclear field must hold certificates issued by NCNAC. In this regard, the Company holds 33 such Certificates, distributed as follows: 3 in the Headquarters, 21 in Cernavodă NPP and 9 in NFP Pitești.

5.12. CORPORATE SOCIAL RESPONSIBILITY

Social responsibility is the management process, an integral part of the Company's business strategy, whereby SNN strives to make a contribution to the development of a sustainable and performing Romanian society. The essential role that SNN plays in the Romanian energy field is naturally supplemented by the Company's desire to support the real needs of all those who permanently contribute to the smooth pursuit its business.

In order to permanently engage stakeholders and maintain an open communication with them, SNN engages in a number of forms of dialogue through online communication channels (website - Investor Relations section, social media platforms - Facebook, LinkedIn, SNN Access application for investors), Intranet, regular provision of information and newsletters for employees, sending out press releases to the relevant public authorities, participating in public consultations and various local, national and international events on topics relevant to the Company's business.

The open and continuous dialogue with stakeholders is an integral part of our organizational culture, helps us obtain balanced perspectives from outside the organization and offers us support in setting benchmarks and strategic priorities and in addressing the future challenges.

Since 1991, the social programmes run by SNN have focused on local development and improvement of the living conditions for the inhabitants of the town of Cernavodă. Later, SNN's corporate social responsibility activities diversified and expanded to all areas of the country and to different population groups.

It is obvious that there is an increase interest of companies in sustainable development, from both an operational and reputational point of view. For years already, the have been interested in addressing these concerns and in looking for ways to improve their strategy and coverage of the important matters. The emerging companies in this field have started to invest more,

either to strengthen their CSR strategy, or to have more CSR projects. More transparency as to the social and environmental responsibility is important because it will increase the resilience of companies and improve both their financial and non-financial results. This approach will build trust among the stakeholders, including investors and consumers. A transparent business management is consistent also with longer-term investments. The identity model of corporate social responsibility brings about major immediate benefits to the organization and the society at large. Currently, proper CSR application not only at the regional level, but also at global level, is the “driving engine” of sustainable economic development.

The desire to identify viable solutions to build a highly reactive management of corporate effects and the ability to tap into a number of strategic partnerships are strengths that are particularly effective for the business environment and the civil society. It is about a new redirection for modern business, where CSR becomes a paradigm.

In the current business environment, the emphasis is on the need to treat corporate social responsibility not only as a simple concept, but rather as an alternative identity model in the global economy. Attainment of the quality, efficiency and performance objectives would not be possible without participation of companies in a number of activities characterized by responsibility and dynamism. CSR not only that strengthens communication between organizations and their audience, but also helps develop a responsible behaviour against the principles of sustainable development.

SNN carries out own corporate social responsibility projects, and gets involved also in supporting the initiatives of the not-for-profit organizations acting in fields of social impact, such as: educational and research, humanitarian and cultural.

The main guidelines of corporate social responsibility actions and sponsorship actions, in accordance with the specifics of SNN's business, are:

- ❖ Actions intended at students involved particularly in nuclear, energy and technical education, as well as young people in general, such as contests, knowledge Olympics, exhibitions of works and inventions, etc.;
- ❖ Actions intended at developing of local communities in the area of Cernavodă and Pitești, improving the living conditions, providing access to quality healthcare, helping the disadvantaged categories of the population, providing opportunities for education and acquisition of skills by young people, increasing the number and quality of green spaces, etc.;
- ❖ Participation in organizations that promote sustainable public policies in the economic, energetic, social, cultural fields, such as professional associations, institutes, resource centers, etc.;
- ❖ Cultural and educational actions aimed at facilitating public access to culture and personal development, supporting artistic works and performances, etc.;
- ❖ Humanitarian actions intended to help segments of the population affected by natural disasters or individual cases of people with disabilities through relevant associations, particularly actions for elderly and children.

The corporate social responsibility and sponsorship policy of SNN aims to set out its strategic guidance and priority directions for involvement in philanthropic, charitable and humanitarian actions to the community benefit, both in areas close to the nuclear facilities operated by SNN (Cernavodă, Pitești), and at the national level. SNN considers that the sustainable development of the company and the sustainability of its long-term development projects are closely related to the development, education, information, acceptance and public support for the nuclear energy in Romania.

SN Nuclearelectrica S.A. launched the social responsibility platform the “Nucleus of Care”, which follows the strategic directives and the vision of the company to build a sustainable future for the future generation, both by clean power production at excellence standards, and by the social and economic impact which it has in Romania.

With 207 million MWh clean power produced in 25 years, 195 million tons of CO2 avoided in 25 years, Lei 30 thousand invested in CSR projects in the last 3 years, and more than 11 thousand people supported under the social responsibility campaigns, Nuclearelectrica extends its positive impact in the society, complying with the strategic directive - “empathy and responsibility”.

The “Nucleus of Care” platform aims at projects and beneficiaries whose needs for financing are classified into health, educational and environmental areas, and the projects in the areas where the company carries on its activity have priority. The projects listed according to the forms made available under the company regulation shall be selected and approved depending on the positive impact which they could bring in high risk areas or within certain risk groups, in order to solve certain major social issues.

The corporate social responsibility objectives are:

- ❖ Creating and supporting a sustainable business model, with responsible management and global policies adjusted to local issues;
- ❖ Responding to the genuine problems of the community;
- ❖ Developing relations with the local community, NGOs;
- ❖ Attracting young specialists;
- ❖ Aligning to the international standards and good corporate social responsibility practices of companies.

The SNN's CSR strategy aims:

- ❖ To focus on individuals and all interested partners; however, it will be assessed for its effects on individuals (employees, managers, citizens);
- ❖ To build a corporate conceptual heritage that integrates ethics into the professional training process and establishes processes that help ethics reflect in all the actions of the Company;
- ❖ To put employees first, valuing them as the most valuable resource and the best ambassadors of the Company;
- ❖ To get to know each community where it operates, including its culture;

- ❖ To put in place a system through where the debates about CSR remain transparent and continuous;
- ❖ To forge wise partnerships for attainment of the CSR objectives;
- ❖ To accurately measure the impact of CSR projects;
- ❖ To report on the results obtained also outside the Company so that information reaches all interested partners.

A Global Compact requires companies to adopt, support and act in the spirit of a set of fundamental values in:

Principle 1: Companies should support and respect protection of the universal human rights.

Principle 2: Companies should not be accomplices in abuses against human rights.

Principle 3: Companies should support the freedom of association and effectively recognize the right to collective bargaining.

Principle 4: Elimination of all forms of forced and compulsory labour.

Principle 5: Effective elimination of child labour.

Principle 6: Fighting against discrimination in employment and jobs.

Principle 7: Companies should adopt a preventive approach to environmental challenges.

Principle 8: Taking up initiatives to advance sound responsibility towards the environment.

Principle 9: Fostering development and promotion of environmentally-friendly technologies.

Principle 10: Companies should fight against all forms of corruption, including blackmail and bribery.

National Company Nuclearelectrica S.A. ("SNN") considers to be important the involvement in supporting the activities carried out by non-governmental, non-profit associations or by eligible institutions under the applicable laws, having a beneficial impact on a significant number of people. In accordance with the declaration of social corporate responsibility of SNN, published on the company website, activities supported by SNN are, mainly, those related to the energy field, as well as those related to the active participation in certain organizations promoting nuclear energy, sustainable public policies in the economic, energy field such as professional or academic associations involved in promoting culture and education.

5.13. INTERNATIONAL RELATIONS

The nuclear industry's specific particularities come from the continuous flow of experience and information exchanges that takes place inside it. Each Nuclear Power Plant operator is part of an international network of approximately 440 Nuclear Units worldwide. At international level, the leader in the international cooperation in the nuclear field is the World Association of Nuclear Operators ("WANO"), and at the governmental level, this is International Atomic Energy Agency ("IAEA") based on Vienna.

The purpose of developing this international cooperation network is to analyse different categories of events disseminate the lessons learned in order to prevent recurrence, promote the experiences and best practices adopted and implemented at international level, benchmark and assess of implementation of standards at international level, control and monitor the

performance indicators and update them in order to constantly maintain the high level of nuclear safety, organize peer review actions to ensure observance and adoption by each operator of Nuclear Power Plants of the best practices agreed at international level, that are assessed against their *de facto* performance.

Thus, across the nuclear industry, we see a so-called "inter-peer pressure", an element that supports maintenance of high standards of nuclear safety. In general, the international cooperation programmes, particularly those concerning technical and operating area, are divided into four distinct categories: international assessment engagements, operating experience, technical support and, implicitly, exchange of information and experience, and continuous technical and professional development.

All categories of information and data resulting from these programmes are disseminated to all members of the international system. SNN pays a particular attention to safe operation of the nuclear facilities it operates, reliability of its equipment, increase in its operating performance, exchange of experience with direct results on the employee performance, involvement in policy-making and deployment of support programmes related to the integrated development of the Company.

Thus, in accordance with international practice, SNN is an active member of a number of international bodies, with concerns, from nuclear safety, radiation protection or radioactive waste management to procurement, financial benchmarking or international legislation.

Depending on their particularities, these organizations can have a regulatory and control purpose for its members, in order to improve performance (e.g. World Association of Nuclear Operators - WANO) or an advisory, participatory, benchmarking and knowledge-sharing purposes, by participation in joint projects as an effective mechanism of cutting down the costs of research and equipment procurement.

SNN is affiliated to a number of European and international organizations and aims to benefit from the operating experience available therein, participate in decision-making processes that could affect the European or global policies, align with the nuclear safety standards imposed by NCNAC, or have its results recognized; of these, we list:

❖ World Association of Nuclear Operators (WANO): it is the association of all the owners of Nuclear Power Plants in the world, and was founded back in 1989. SNN has been a member of the Atlanta Regional Center since 1991 and of the London Coordination Center since 2011. The WANO membership secures: participation in assessment engagements, exchange of operating experience, technical support, technical and professional development. Membership of WANO facilitates the exchange of information in the field of Nuclear Power Plant operating experience; thus, WANO members work together to reach the highest standards of operation of Nuclear Power Plants under high nuclear safety and reliability conditions. With the aid of WANO, all owners of Nuclear Power Plants can communicate and exchange information openly and cooperatively. This way of working allows each WANO member to benefit and learn from the experience of the other members and align with the best global

practices, all with the ultimate goal of increasing the operating safety for the Nuclear Power Plants they own.

❖ **Candu Owners Group (COG):** it is an international private and non-for-profit organization, which includes organizations from Canada (AECL, Ontario Power Generation, N.B. Power, Bruce Power Generation, Hydro Quebec), Argentina, China, India, Korea, Pakistan and Romania. In COG, SNN participates in the Basic Information Exchange Programme (IE), Research - Development Programme (R&D), Nuclear Safety & Environmental Affairs Programme (NSEA) and the Joint Projects Programme (JP). The work of COG is generally organized under a programme of regulation, research, maintenance, development, technical assistance and exchange of information between members.

❖ **International Atomic Energy Agency (IAEA):** it serves as a worldwide intergovernmental forum for scientific and technical cooperation in the nuclear field. The IAEA fosters the use of atomic energy by the signatory states, providing them with the necessary technical assistance and with relevant experts and the necessary logistic facilities. Romania is a founding member of the IAEA.

❖ **NEA OECD:** Romania joined the Nuclear Energy Agency (NEA) of the Organization for Economic Cooperation and Development (OECD) back in June 2017. NEA is the intergovernmental agency that facilitates cooperation between countries that use nuclear technology and that pursue attainment of the highest standard of nuclear safety, combined with performance in environmental protection, and technological and economic development.

❖ **European Nuclear Installations Standards (ENISS):** it brings together decision-makers and specialists of from the nuclear industry, together with representatives of nuclear regulatory bodies to jointly set safety targets, regulations and measures, with the aim of ultimately reaching a common set of European safety standards for nuclear plants.

❖ **European Atomic Forum (affiliation to the Romanian Atomic Forum):** it is a European non-for-profit organization the aims of which are: to support the role of nuclear energy at the European level through active involvement in the energy policy of the European Union, adoption of support positions granted to the Member States that operate Nuclear Power Plants and involvement of specialists in European task forces in order to centralize different points of view and measures.

The results of our active participation in different international bodies are directly reflected in the performance indicators related to: operation, radioprotection and radioactive waste management.

5.14. LEGAL/DISPUTES

As at 31 December 2022, of a total of 227 disputes SNN is involved in, 172 are in progress, of which:

- 2 criminal cases where SNN is a civil party;
- 170 civil/administrative/insolvency/labour law/infringement cases.

Of the total of 172 disputes, 27 are major disputes of more than RON 500,000, including those not attached a monetary value, or the subject-matter of which cannot be attached a monetary value.

In 2022, 6 disputes with the Court of Accounts, with SNN acting as claimant and which concerned the measures ordered by the Court of Accounts, concluded; 3 of them were awarded to SNN.

Before the end of 2022, SNN obtained final solutions in 65 disputes.

- The amount of the claims recoverable in awarded disputes was RON 15,919,361 (SNN) + RON 435 (NPP);
- The amount of the losses avoided in awarded disputes is: RON 8,758,000 (SNN) + RON 5,314,645.45 (NPP)
- The amounts recovered are of RON 2,124,478 (SNN) + RON 18,121.42 (NPP)

The total amount of the losses claims by SNN, as a civil party, in criminal cases is RON 17,035,708.

A detailed report on the major disputes exceeding RON 500,000, including those not attached a monetary value, or the subject-matter of which cannot be attached a monetary value, is included in Appendix 6 to this Report.

5.15. OUTLOOKS

5.15.1. FACTORS LIABLE TO INFLUENCE THE LIQUID ASSETS

Among the factors that can influence the Company's liquid assets in the future, we list:

- ❖ The energy sales prices on the competitive market;
- ❖ The potential amendments to the Romanian and/or EU legislative framework.
- ❖ The price of the key raw materials and materials used by the Company in its current activity;
- ❖ The fluctuations in interest rates and exchange rates;
- ❖ The volume of maintenance and development investments;
- ❖ The taxation rates, including introduction of new taxes and levies.

There are many internal and external factors that can influence the Company's liquid assets, but the Company enjoys very good liquidity in the short- and even medium-run.

5.15.2. CURRENT AND EXPECTED CAPITAL EXPENDITURE

The total rectified value of SNN's investment program for the year 2022 is RON 609,220 thousand (without the component allocated to the payment of debt service related to long-term loans), program approved by Resolution no. 10/19.10.2022 of the Ordinary General Meeting of SNN Shareholders, as part of the Rectified Income and Expenditure Budget ("IEB") of SNN for the year 2022.

The investment program of SNN for the year 2022 includes the necessary investments within the Cernavodă NPP Branch, the NFP Pitești Branch and the Central Headquarters estimated to be completed by the end of 2022, as well as investment objectives to be completed in the following years.

When sizing the investment development program, S.N. Nuclearelectrica S.A. took into account the need of the branches (Cernavodă NPP and NFP Pitești) regarding production continuity, respectively reaching the highest possible level of production capacity utilization (EAF – Energy Availability Factor) in compliance nuclear safety regulations and with the long-term maintenance of the level of excellence in the operation of the plant, the acquisition of assets related to the Feldioara Branch belonging to Compania Nationala a Uraniului SA and their transfer to the assets of the branch Fabrica de Prelucrare a Concentratelor de Uraniu - Feldioara S.R.L., as well as the contribution to the share capital of EnergoNuclear S.A. At the same time, the development program also responds to the need to modernize/upgrade some of the plant's systems, which for economic reasons (reductions in specific consumption, improvement of certain characteristic parameters of the processes served, with a positive impact on efficiency), and for legal reasons, require the implementation of certain improvements associated with nuclear safety, environmental protection and work safety, these representing imperative requirements, coming from the regulatory authorities in the field.

The investment program of SNN for 2022 was dimensioned in terms of value, taking into account ongoing contractual commitments, estimates regarding the investment objectives to be achieved by the end of 2022, including amounts allocated to certain investment projects for which the fulfilment of certain requirements beyond SNN's control was anticipated (for example: prior approvals of certain regulatory authorities, legal deadlines regarding the completion of public procurement procedures including appeals, obtaining the necessary approvals from the SNN corporate bodies, etc.), to allow the implementation of these projects within the approved budget values.

The comparative statement of investments made (as values and as percentages) for the period 1 January - 31 December 2022 compared to the same period of 2021 is presented in the table below:

Year	Investment program value [thousand RON]	Achieved (01.01 – 31.12) [thousand RON]	Degree of completion (01.01 – 31.12) (%)
2022	609,220	561,468	92.2%
2021	356,774	319,679	89.6%

Note. The value of the investment programme, and the calculated progress attained in 1 January – 31 December are in accordance with the figures approved in the rectifications of IEB 2021 and IEB 2022.

Analysis of the degree of completion of the investment program as at 31 December 2022

Some of the major projects or the projects that had an important share in the investment program (approved by the IEB 2022 rectification) and the way they will be carried out during the year 2022 are briefly presented here:

- **Extension of the service lifetime of Unit 1 by retubing the reactor and retrofitting the main systems”**: budgeted RON 123,959 thousand - 109.1% completed in terms of value as at 31 December 2022;
- **"Planned shutdown of Unit 1 within Cernavodă NPP (regular general inspection and major repair works)"**: budgeted RON 102,307 thousand - 79.5% completed in terms of value as at 31 December 2022 (investment completed);
- **“Improving the reliability of the electric generator 1-4121-G01 by replacing the stator winding”**: budgeted RON 100,403 thousand - 100.0% completed in terms of value as at 31 December 2022 (investment completed);
- **“Completion of CNU transaction for acquisition of assets of Feldioara Subsidiary”**: budgeted RON 31,215 thousand - 93.3% completed in terms of value as at 31 December 2022 (investment completed);
- **“Retrofitting of the power output transformers from Units 1 and 2 at Cernavodă NPP”**: budgeted RON 31,202 thousand - 99.8% completed in terms of value as at 31 December 2022 (investment completed);
- **“EnergoNuclear capitalization”**: budgeted RON 27,000 thousand - 100.0% completed in terms of value as at 31 December 2022 (investment completed);
- **“Intermediate Dry Storage Spent Fuel Facility”**: budgeted RON 24,745 thousand - 100.1% completed in terms of value as at 31 December 2022 (investment completed);
- **“Detrition facility Cernavodă NPP”**: budgeted RON 13,418 thousand - 83.1% completed in terms of value as at 31 December 2022;
- **“Software programs for the integrated management of the plant - upgrade Asset suite 6.0.4 to version 9.X”**: budgeted RON 5,836 thousand - 99.4% completed in terms of value as at 31 December 2022;
- **"Facilities"**, representing purchases of goods and other investment expenses: budgeted RON 81,756 thousand - 98.5% completed in terms of value as at 31 December 2022.

The following projects were also completed during 1 January - 31 December 2022: replacement of the 440 MVA power output transformers; MPA EC 2892 - Replacement of

pressure transducers 1.2 63312-PT13 at PT16 and 1-63332-PT35N at PT38N above the flooding level in the event of a severe accident; MPA EC 3037 - Additional doors to protect the U1 staff locks; improving the performance of the DCC display system by replacing the Ramtek FS2400 graphical system at U1; increasing the reliability of SDS#1 by replacing the ROPT SDS#1 U1 amplifiers and the Tusonix EMI filters on the NIM-BIN drawers with new, more reliable amplifiers and EMI filters similar to the ROP SDS#1 U2 design; replacement of NSP U1 Cernavodă NPP pump radial displacement/vibration measuring boards; regular revision of the nuclear safety for Unit 1 and Unit 2 - U1 reports by assessment areas (SF1 ÷ SF8, GAR); modernization of laboratory ventilation installation; upgrading of hydrogen production station premises; cooling system for the ventilation plant related to halls I, II and III; refurbishment of the pellet transfer tunnel; design for extension of the Beryllium deposit ventilation system; refurbishment of the work spaces of NFP Pitești.

FINANCIAL INVESTMENTS IN SUBSIDIARIES AND RELATED ENTITIES

Energonuclear S.A.

As of 31 December 2022 and 31 December 2021, the Company holds 100% of the share capital of Energonuclear. The value of the shareholding as at 31 December 2022 is RON 199,438,105 (31 December 2021: RON 172,438,108). In 2022, the share capital of Energonuclear S.A. branch was increased by the amount of RON 26,999,997.52, under Resolution of the Extraordinary General Meeting of Shareholders no. 7/05.05.2022 by issue of new shares.

Fabrica de Prelucrare a Concentratelor de Uraniu - Feldioara S.R.L.

As at 31 December 2022, respectively 31 December 2021, the Company held 100% of the share capital of F.P.C.U Feldioara. The value of the shareholding on 31 December 2022 is RON 200 (31 December 2021: RON 200).

In 2021, the Company's shareholders approved the granting of a loan in amount of RON 2,300,000, for the purpose of financing the activities and expenses of the branch upon its establishment, in compliance with the provisions of the activity programs and of the income and expenditure budget for the years 2021 and 2022. As at 31 December 2021, the Company granted the entire amount of RON 2,300,000 and had an accumulated interest rate of RON 3,938. As at 31 December 2022, the Company had a principal in amount of RON 3,600,000 and an accumulated interest rate of RON 138,213.

Nuclearelectrica Serv S.R.L.

As at 31 December 2022, respectively 31 December 2021, the Company held 100% of the share capital of Nuclearelectrica Serv. The value of the shareholding on 31 December 2022 and 31 December 2021 is RON 200.

In 2022, the Company's shareholders approved the granting of a loan in amount of RON 2,300,000, for the purpose of financing the activities and expenses of the branch upon its

establishment, in compliance with the provisions of the activity programs and of the income and expenditure budget for the years 2021 and 2022. Until 31 December 2022, the branch had accessed the amount of RON 1,920,000, for which it had an accumulated interest rate of RON 46,617

Ropower Nuclear S.A.

As at 31 December 2022, the Company held 50% of the share capital of Ropower Nuclear S.A., the shareholding value amounting to RON 4,943,000.

5.15.3. EVENTS, TRANSACTIONS AND ECONOMIC CHANGES WITH IMPACT ON REVENUE AND INCOME

Income from the core business significantly influenced by:

- ❖ The electricity output of Cernavodă NPP, closely dependent on the operating performance of the two Nuclear Units;
- ❖ The developments of prices on the competitive market and the Company's ability to successfully compete under the said price conditions;
- ❖ The decarbonization policies supported under the European Green Deal;
- ❖ The investments made in new generation capacities;
- ❖ The evolution of the prices of raw materials (coal, oil, gas);
- ❖ The support policies adopted at national level to protect vulnerable consumers;
- ❖ The developments in the main macroeconomic indicators.

6. TANGIBLE ASSETS

6.1. LOCATION AND CHARACTERISTICS OF THE MAIN GENERATION CAPACITIES

The Cernavodă Nuclear Power Plant is located in County OF Constanța, about 2 km South-East from the town of Cernavodă, and about 1.5 km North-East from the first lock of the navigable Danube - Black Sea Canal. The platform set up for erection of the structures of Cernavodă NPP is bordered to the north by Cismelei Valley, and to the south-west by County Road 223. To the South and East, it is bordered by natural hilly formations. For the location of the Nuclear - Electric Power Plant with 5 CANDU 600 Units, an area of 72 hectares was developed by excavating and levelling the former Ilie Barza limestone quarry. The resulting platform is +16.00 meters above Baltic Sea (maBS).

The power plant is designed to operate at the base of the load curve, it has a turbogenerator that provides a gross electrical power of about 700 MWe (706.5 MWe in Unit 1 and 704.8 MWe in Unit 2), using the steam produced by the energy developed in a CANDU-PHWR-6 (Canadian Deuterium Uranium - Pressurized Heavy Water Reactor) nuclear reactor. This type of reactor uses heavy water as moderator and cooling agent, in two stand-alone systems. The

fuel is natural uranium in the form of sintered uranium dioxide pellets, sealed in zircaloy and assembled into fuel bundles that contain 37 fuel elements each.

Ceramic pellets, contained inside a combustible element, have the property of keeping the fission products inside. The fuel loading and unloading of the reactor is continuous, two-way and under load. The reactor is equipped with a heat transmission system, with two independent loops that carry the heat generated in the fuel further to a reaction controlled by the chain fission of the four steam generators, to produce steam from light water. Saturated steam from steam generators expands in the turbine, setting it in motion, and is then condensed using the cooling water taken from the Danube via an open delivery canal and reach no. 1 of the Danube - Black Sea canal (DBSC). The electricity produced is discharged into the National Energy System via the 400 kV Cernavodă station of Transelectrica.

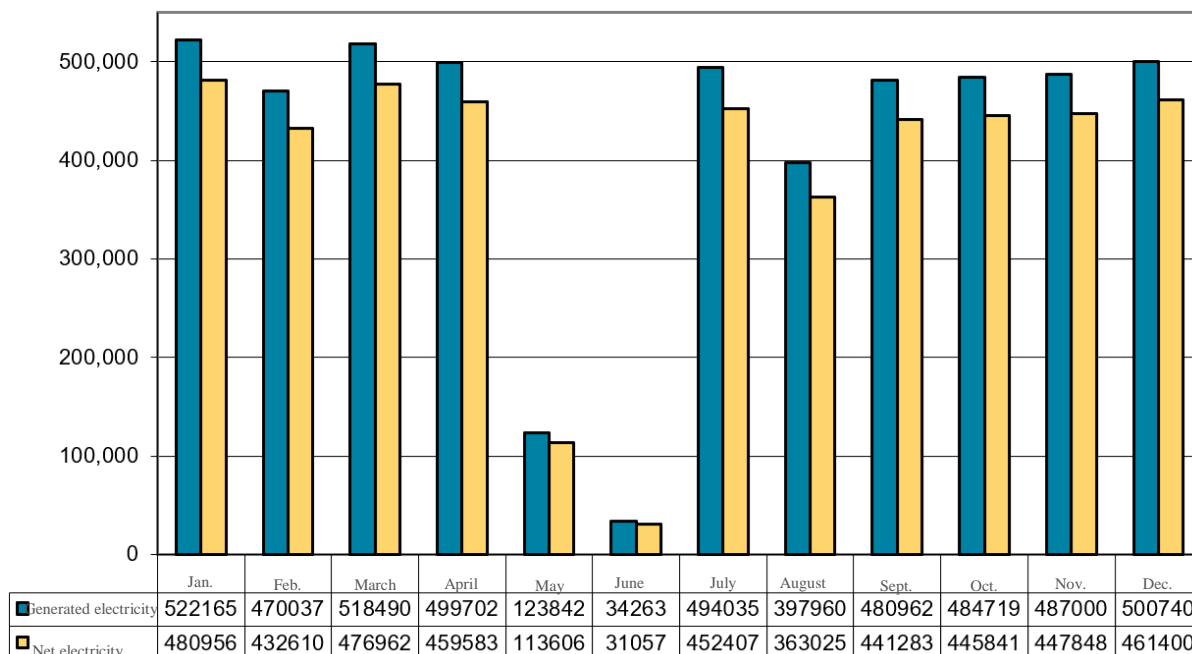
The Branche Nuclear Fuel Plant (NFP) Pitești, located in County of Argeș, town of Mioveni, also operates in the Company. NFP owns a plot land with an area of about 23,273 square meters, of which 8,458 square meters is occupied by production section, warehouses and offices, and the rest is free land. NFP Pitești produces nuclear fuel bundles, using sinterable uranium dioxide (UO₂) powder as the main raw material.

6.2. WEAR OF ASSETS

The 2 Nuclear Power Units of Cernavodă NPP have an initial lifespan of 30 years, which can be extended by another 25 years further to a refurbishment process. Unit 1 was commissioned in 1996, and Unit 2 was commissioned in 2007. Every 2 years, the Nuclear Units are shut down alternately for maintenance work, as part of the scheduled shutdown programme. The Nuclear Fuel Plant of Pitești was established in 1992, and the first batch of nuclear fuel bundles was produced in 1994.

6.3. OPERATING PERFORMANCE INDICATORS

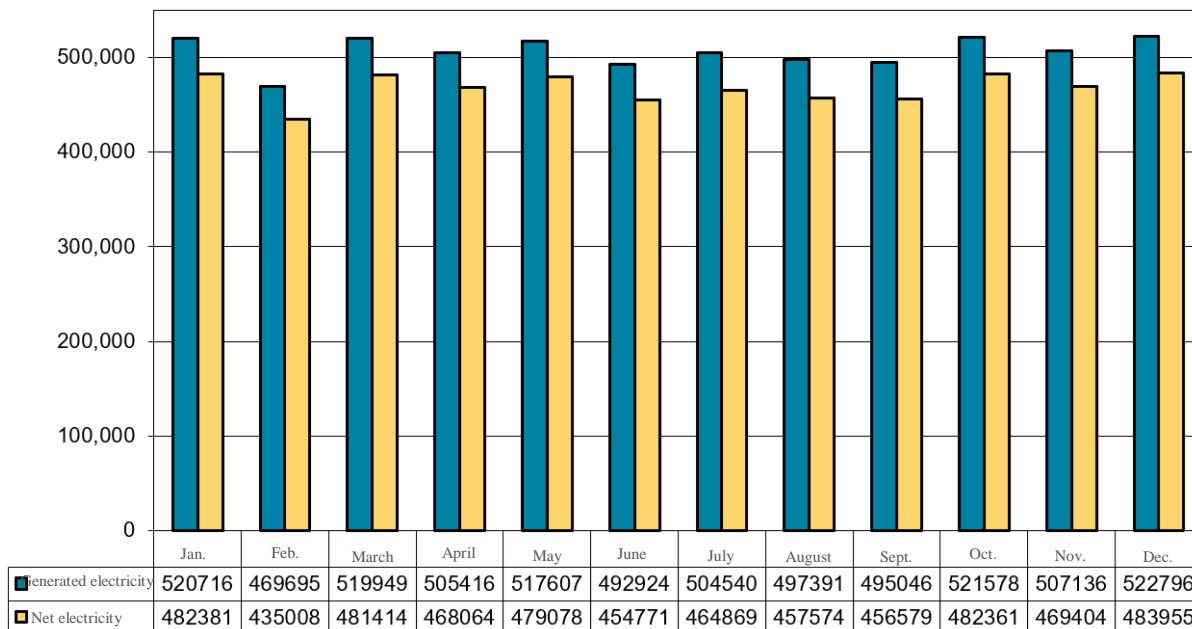
Generated/net electricity U1 (MWh)



TOTAL 2022

Generated electricity Net electricity
5 013 915 **4 606 578**
 Average own process consumption: **8.24%**

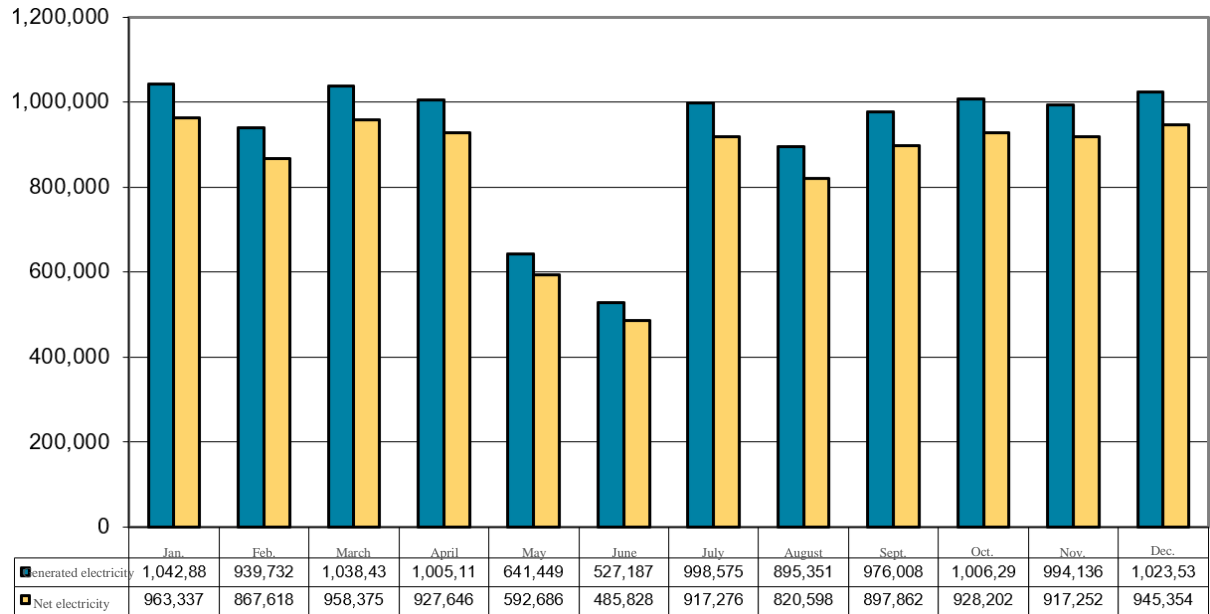
Generated/net electricity U2 (MWh)



TOTAL 2022

Generated electricity Net electricity
6 074 794 **5 615 458**
 Average own process consumption: **7.56%**

Generated/net electricity U1 + U2 (MWh)



TOTAL 2022

Generated electricity

11 088 709

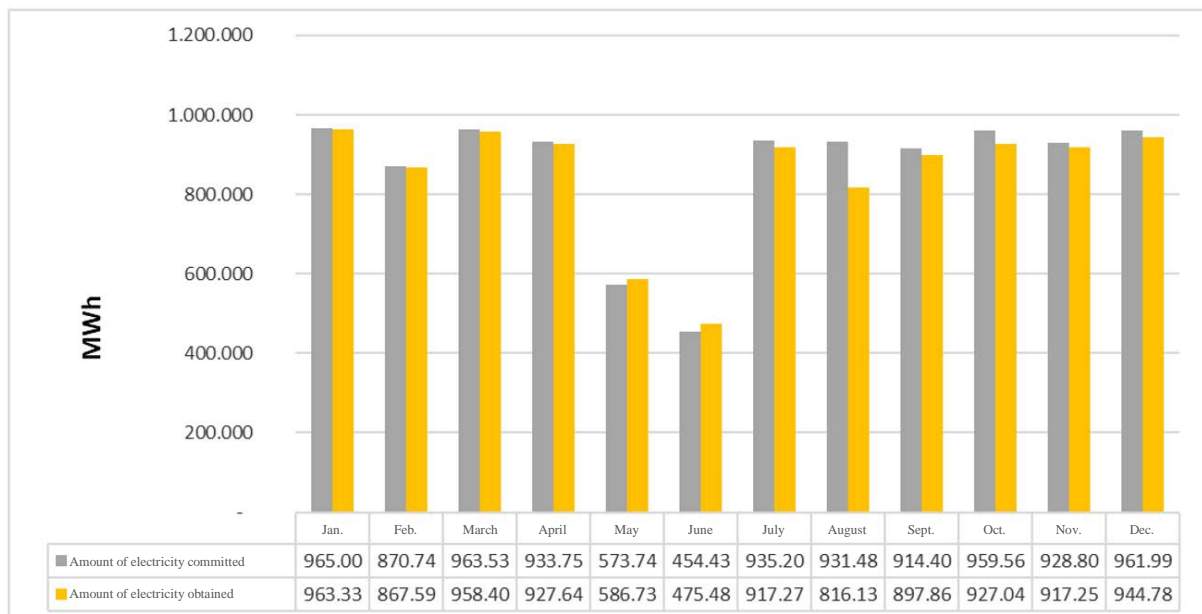
Net electricity

10 222 037

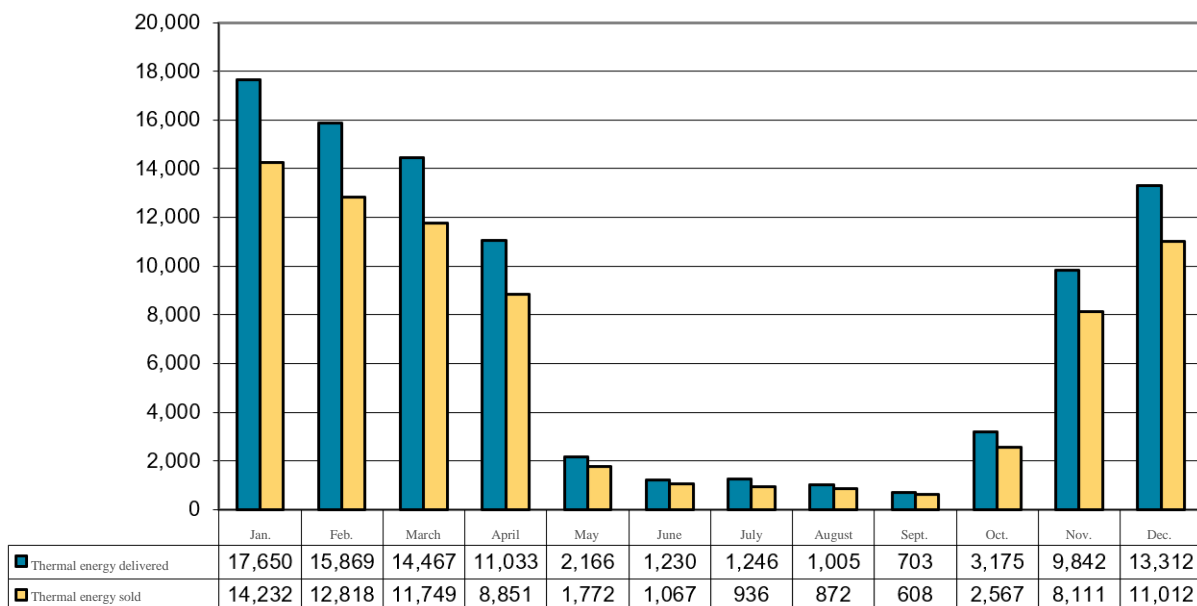
OWN TECHNOLOGICAL ELECTRICITY CONSUMPTION

Aggregate achieved 2022: **7.90%** Planned in the project: **max. 10.00%**

Amount of electricity planned/achieved (for sale)



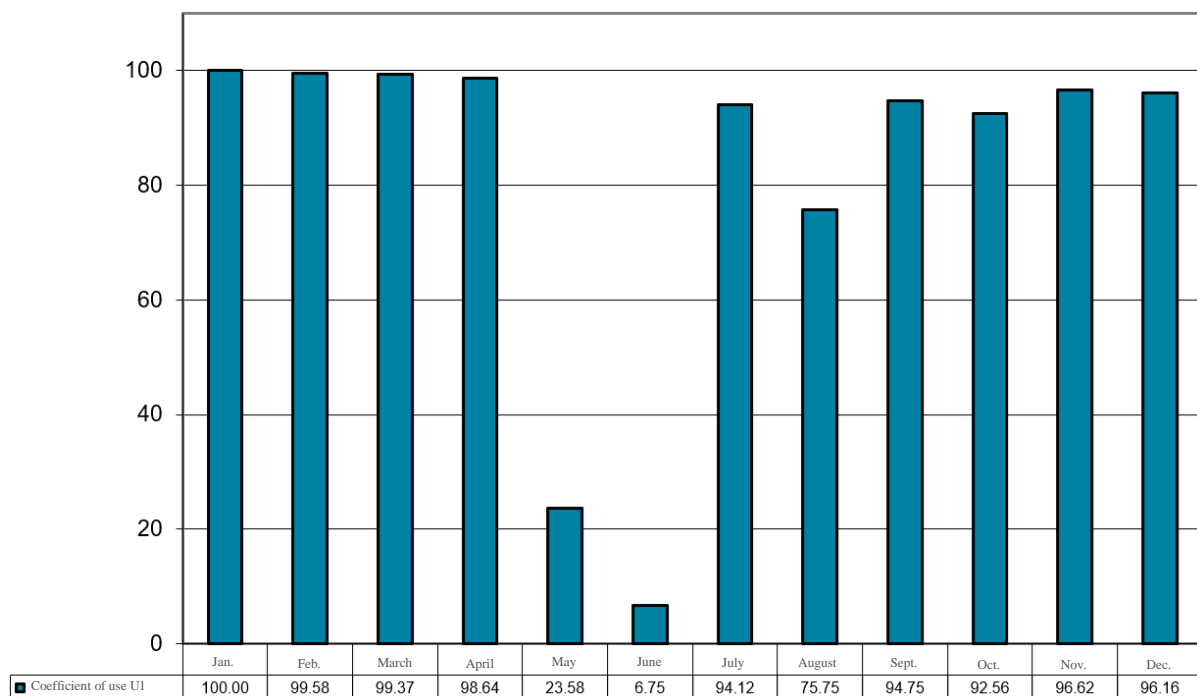
Thermal energy delivered for heating/sold (Gcal)



TOTAL 2022

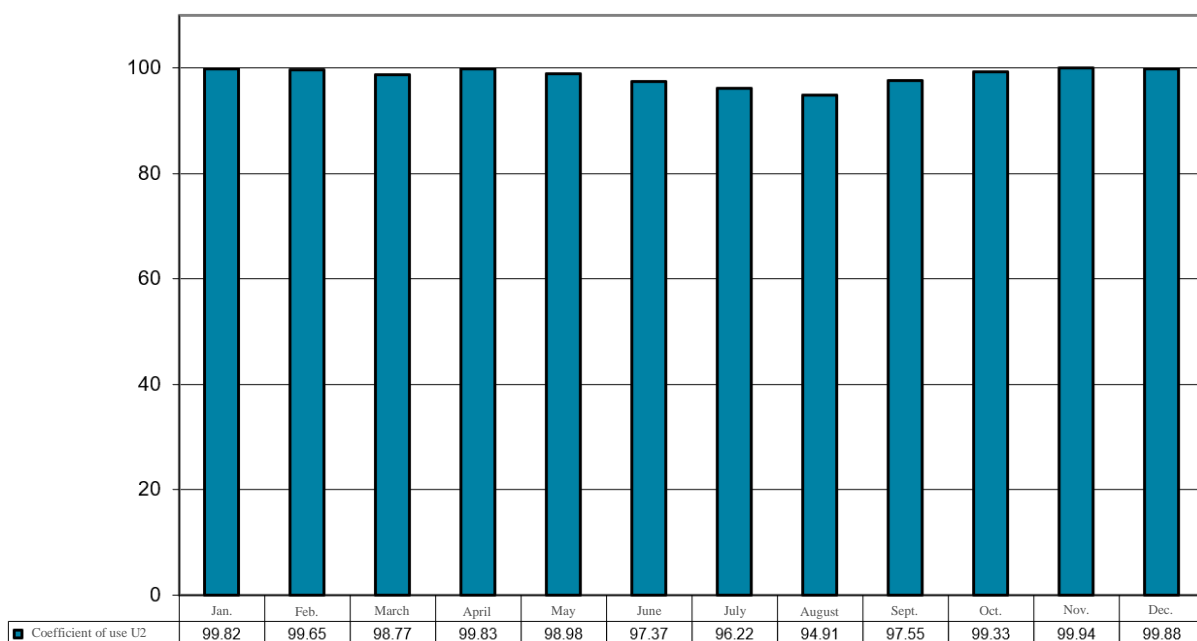
Thermal energy delivered Thermal energy sold
91 699 **74 595**

Coefficient of use of the installed power U1 (%)



Aggregate 2022 U1
81.42%

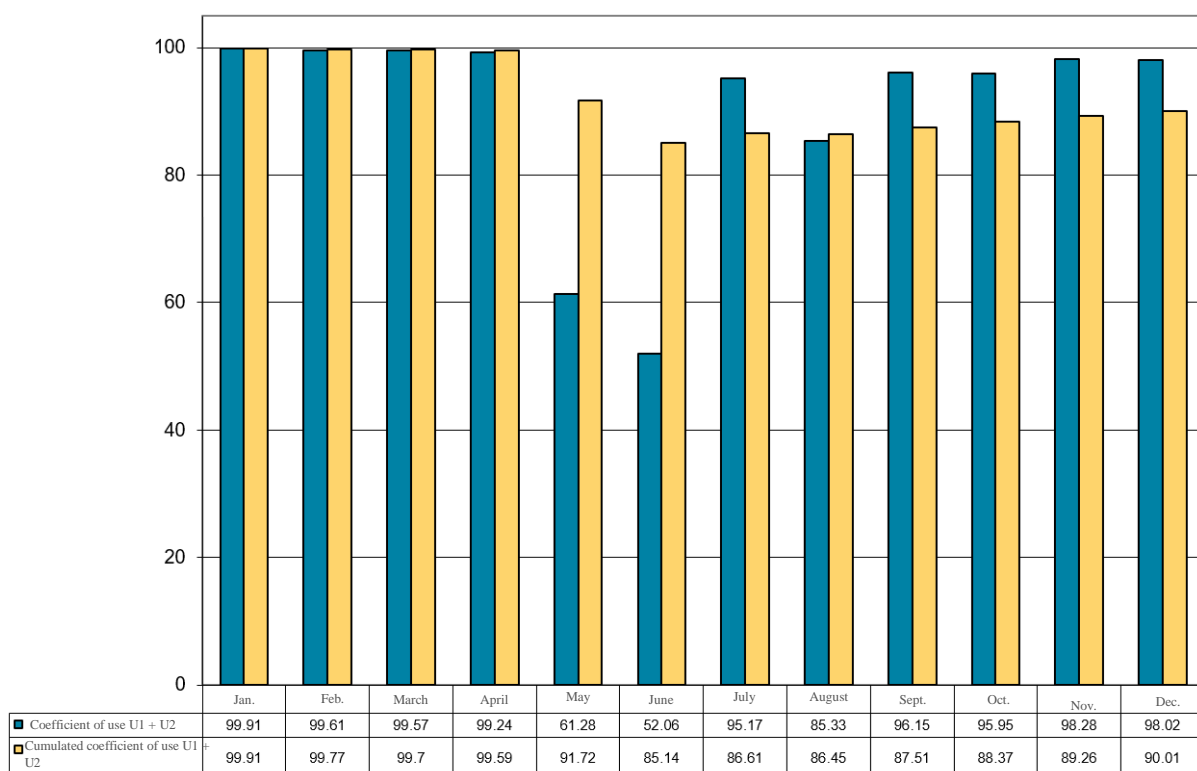
Coefficient of use of the installed power U2 (%)



Aggregate 2022 U2

98.60%

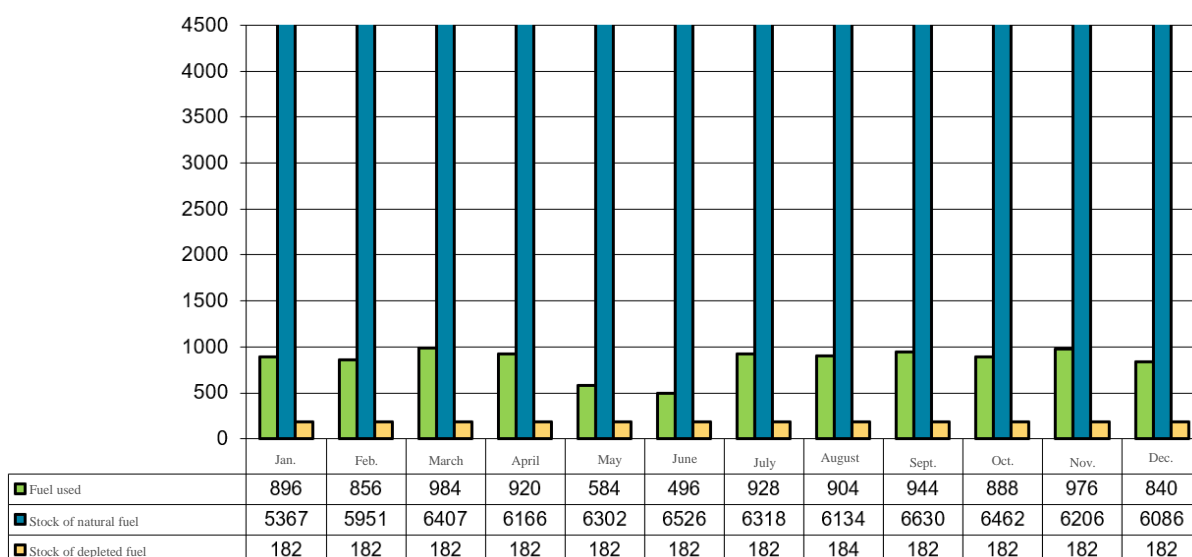
Coefficient of use of the installed power U1+U2 (%)



Aggregate 2022 U1+U2:

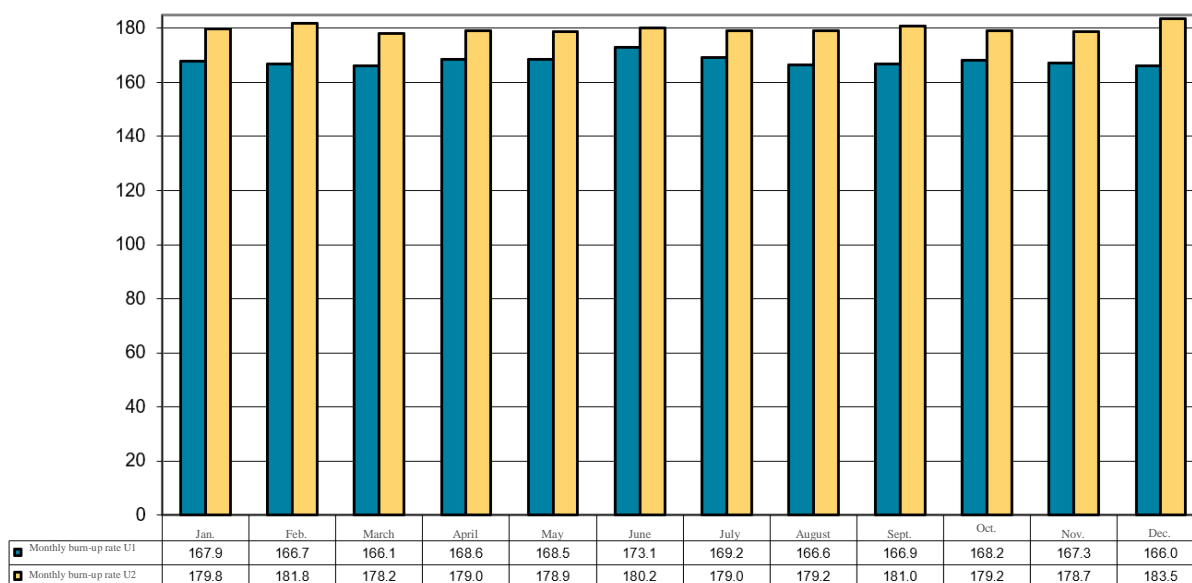
90.01%

Fuel used by U1 + U2/Fuel stock (bundles)



Aggregate consumption in 2022: **10,216**

Nuclear fuel burn-up rate (MWh/ KgU)



Aggregate 2022:

173.6

Planned in the project:

min 156.00

7. MARKET IN THE SECURITIES ISSUED BY THE COMPANY

7.1. MARKETS OF ROMANIA AND OTHER COUNTRIES WHERE THE COMPANY'S SECURITIES ARE TRADED

Further to the Initial Put Public Offer for a number of 25,368,236 shares, accounting for 10% of SNN's share capital, performed between 9 September 2013 and 20 September 2013, SNN shares are traded on the regulated market administered by the Bucharest Stock Exchange (BSE) since 4 November 2013, in Category I, with the issue symbol "SNN" and the ISIN code ROSNNEACNOR8. Effective 5 January 2015, SNN's shares are traded in the Premium category of the BSE.

Selection of issuers for a review to advance them to the Premium category takes place based on the following alternative criteria:

- Shares are among the 25 most liquid securities by their liquidity coefficient;
- The average free-float capitalization over the last 3 months exceeds EUR 40 million.

As at 31 December 2022, the total number of shares issued by SNN is 301,643,894. The records of shares are kept by the Central Depository, as independent registry company, authorized by the Financial Supervision Authority.

Share capital increases:

Shareholders	Shares [mil.]	Percent age	Shareholders	Shares [mil.]	Percent age	Shareholders	Shares [mil.]	Percent age	Shareholders	Shares [mil.]	Percent age	Shareholders	Shares [mil.]	Percentage
Ministry of Economy	229.00	90.27%	Ministry of Economy	229.00	81.27%	Ministry of Energy, SME and Business Environment	248.44	82.48%	Ministry of Energy	248.73	82.49%	Ministry of Energy	248.85	82.4981%
Fondul Proprietatea S.A.	24.70	9.73%	Fondul Proprietatea S.A.	27.40	9.73%	Fondul Proprietatea S.A.	27.40	9.10%	Fondul Proprietatea S.A.	27.40	9.09%	Fondul Proprietatea S.A.	21.11	6.9990%
			Free float	25.40	9.00%	Free float	25.36	8.42%	Free float	25.36	8.41%	Free float	31.68	10.5029%
Total	253.70	100%	Total	281.80	100%	Total	301.22	100%	Total	301.51	100%	Total	301.64	100%



- IPO followed by allocation of trading rights, between 4 and 28 October 2013.
- The shares were listed on the main segment of the BSE (symbol: SNN) as of 4 November 2013.
- Inclusion in indexes: BET Index 1.99%, BET-XT Index 1.53%.

- IPO for 10% of shares (new issue).
- Subscription period: 9 - 20 September 2013.
- Tranche for institutional investors completely sold.
- Oversubscription by 5.6 and 3.7 times for the two retail subscription tranches (the tranche for small investors was fully subscribed at the end of the second listing day).
- IPO value (million): RON 281.9 (EUR 62.6).
- Amount of total share capital increase (million): RON 312.5 (EUR 69.4).
- Post-IPO capitalization (million): RON 3.150 (EUR 700).

- Share capital increase by 19,438,285 shares, out of the total of 23,917,263 shares offered for subscription.
- Subscription period: 05.01.2015 – 02.04.2015.
- The share capital increase represents recognition of the contributions from the State budget through budget allocations in years 2006-2009, and a number of 4,479,539 shares offered based on the right of first refusal.
- Allocation percentage: 81.2730%.
- Increase amount: RON 194,382,850 (EUR 43,196,188).

- Share capital increase by 292,810 shares representing the contribution in kind of the Romanian State, of RON 2,928,100.
- Subscription period: 19.10.2015 – 18.11.2015.
- A maximum of 62,201 newly issued shares were offered for subscription to shareholders registered on the registration date, based on the right of first refusal. These shares were not subscribed.

- Share capital increase by 113,857 shares representing the contribution in-kind of the Romanian State, of RON 1,138,570 RON.
- Subscription period: 17.08.2020 - 16.09.2020.
- A maximum number of 24,158 newly issued shares were offered for subscription to shareholders registered on the date of registration, based on the right of first refusal.
- As many as 16,186 new shares were subscribed, for the amount of RON 161,860.

Starting with 21 September 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 Frontier Market to the status of Secondary Emerging Market. As a result of the inclusion of SNN in the emerging market indices of FTSE Russell, the company's shares are included in the following indices of the global provider: FTSE Global All-Cap, FTSE Global Total-Cap, FTSE Global Small Cap, FTSE Emerging Index and FTSE Emerging All Cap Index. SNN was later included in the mid cap category and then in the large cap category of FTSE Russell.

7.2. POLICY ON DIVIDENDS

Applicable legal provisions

SNN is a national company with majority State capital. Thus, the distribution of profit is made according to the provisions of Government Ordinance no. 64/2001 ("GO 64/2001") on the profit distribution at national enterprises, national companies and companies with full or majority State capital, as well as at self-governed administrations, as subsequently amended and supplemented. Thus, in accordance with the provisions of the Government Ordinance no. 64/2001, the minimum dividend distribution rate is 50% of the net profit after the distributions listed at Article 1(1)a) - (e) of the Government Ordinance no. 64/2001.

For 2022, the Company distributes to all shareholders, as dividends, 50% of the accounting profit after corporate tax.

Thus, SNN books and pays dividends from the net profit, but this only after approval of the annual accounts and dividend distribution proposal by the General Meeting of Shareholders.

Profit distribution as dividends over the last 3 years

For 2022, the net profit distribution proposal complies with the provisions of the Government Ordinance no. 64/2001 on the profit distribution at national enterprises, national companies and companies with full or majority State capital, as well as at self-governed administrations, as subsequently amended and supplemented.

The amounts proposed to be distributed as "employee participation in profit" are up to 10% of the net profit; however, not more than one average monthly base salary obtained in 2022, and considering the average headcount in 2022. The profit distribution proposal covers an amount of RON 27,000,000. The obligation to participate in the profit was established in the income and expenditure budget for 2022, so that the provisions of Article 1(1)(e) of the Government Ordinance no. 64/2001 are observed. The amounts representing the employee participation in profit do not represent a direct distribution from the net profit; these are provisioned at the end of the financial year and distributed in the following financial year, after approval of the net profit distribution. Thus, the net profit of the financial year 2022 includes a provision for employee participation in profit (deducted from the accounting profit), of RON 27,000,000.

The amounts allocated to the statutory reserve are determined based on the provisions of Article 183 of Law no. 31/1990 according to which "at least 5% will be set aside from the Company's profit every year for the formation of the reserve fund, until this reaches at least one fifth of the share capital". The amount allocated to the statutory reserve was set aside at the end of the financial year, and represented the mandatory distribution of RON 159,624,845.

Other reserves representing tax facilities provided by the law (RON 65,367,295) are allocated based on Article 22(1) of Law no. 227/2015 on the Tax Code, as subsequently amended and supplemented; these refer to the exempted corporate tax related to the profit invested in engineering equipment, electronic computers and peripheral equipment, cash registers, control and invoicing equipment, as well as software, either produced and/or purchased, as provided in subgroup 2.1, respectively in class 2.2.9 of the "Catalogue for classification and normal operating times of plant, property and equipment", used to carry out the business activity. The amount allocated to reserves is the amount of profit invested in this equipment, net of the statutory reserve (5%).

The proposed gross dividends (RON 1,283,215,656) represent a distribution of 50% of the profit remaining after deduction from the net profit of the financial year (RON 2,764,423,452) of the statutory reserve (RON 159,624,845) and of the reserves representing tax facilities (RON 65,367,295).

From the net profit of the financial year 2021, 61.00% was approved to be distributed as dividends, and from the net profit of the financial year 2020, 70% was approved to be distributed as dividends, in observance of the provisions of Article 1(1)(f) of the Government Ordinance no. 64/2001, as subsequently amended and supplemented.

Calculation and payment

Dividends are allotted to shareholders pro rata with their participating interests held in the subscribed and paid-up share capital of the Company; each fully paid-up share entitles its respective holder to dividend. Details about the methods of dividend distribution and dividend tax withholding and payment are available on the Company's website, under the Investor Relations/GMS section.

Principles to be considered for dividend determination in the future

When making proposals of dividend distribution rate to the General Meeting of Shareholders in the future, the Board of Directors will take into account the following criteria, in the sequence presented below:

- ❖ Compliance with the requirements of the Government Ordinance no. 64/2001 or of other applicable regulatory acts, including assimilated ones, as the case may be, including with the minimum distribution rate of the distributable profit set out in such regulatory acts;

- ❖ Maintaining a balance between the need to compensate shareholders with dividends and the needs to raise finance internally, including for investment projects;
- ❖ The link between the profit distributable as dividends and monetary correspondence of the distributable profit, i.e., that part of the distributable profit that has attached a monetary correspondence, after adjustments of the non-monetary elements; this aims to avoid decapitalization of the Company in the event of a disconnection between the profit distributable as dividends and the monetary consideration of the profit;
- ❖ The possibility of ensuring a dividend return similar to that of other listed companies, as well as a correlation of the dividend per share, in absolute terms, with that of the previous period. There is no guarantee that these links can be ensured in the future.

More information about dividends can be found in the Annual Reports available on the Company's website under the Investor Relations/GMS section.

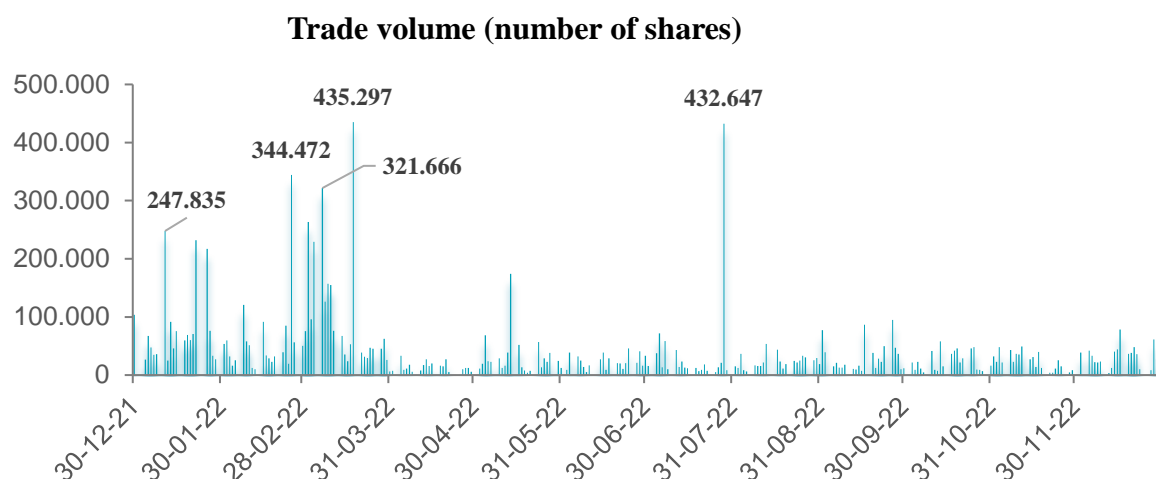
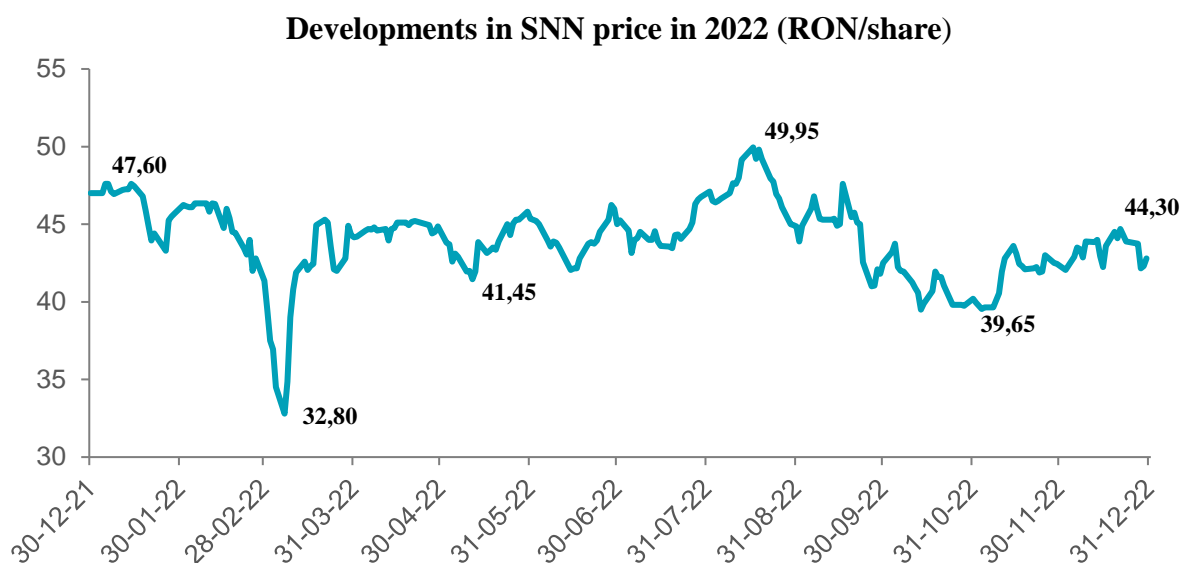
The dividends due and paid over the last 3 years were as follows:

Ratio [RON]	2022 ^{*)}	2021	2020
Net profit (a)	2,764,423,452	1,036,261,626	699,322,229
Distribution to the statutory reserve (b)	(159,624,845)	(60,204,665)	(40,770,431)
Other reserves representing fiscal facilities provided by the law (c)	(65,367,295)	(19,130,130)	(5,424,567)
Net profit distributable as dividends (d) = (a) + (b) + (c)	2,539,431,312	956,926,831	653,127,231
Employee participation in profit (e)	(27,000,000)	(20,000,000)	(21,326,448)
Net profit, as basis for dividend distribution calculation (f) = (d) – (e)	2,566,431,312	976,926,831	674,453,679
Proposed dividends (g)	1,283,215,656	595,925,367	472,117,575
Dividends allocated	1,283,215,656	595,925,367	472,117,575
Dividends paid until 31.12.2022	-	595,630,446	471,871,895
Profit distribution rate (%) = (g)/(f)	50.00%	61.00%	70.00%
Profit distribution rate² (%) = (g)/(d)	50.53%	62.27%	72.29%

**) For 2022, these ratios are taken from the profit distribution proposal made by the Board of Directors and submitted for approval by the Ordinary General Meeting of SNN's Shareholders. In this distribution proposal, the amount proposed to be allowed as "employee participation in profit" is RON 27,000,000.*

7.3. SNN ACTIVITY ON THE BSE

Developments in the SNN shares between 1 - 31 December 2022:



The activity of SNN in 2022, as issuer of securities on the Romanian capital market, is presented as follows:

- ❖ In 2022, a total of 81,145 transactions with SNN shares were performed, with an average daily number of 323.3 transactions;
- ❖ The total volume of SNN shares traded was 10,359,670;
- ❖ The amount of the 2022 transactions with SNN shares was RON 753,004,590;
- ❖ In 2022, 3 "Deals" were concluded, with a total of 434,689 shares;
- ❖ In 2022, the price of a share was between a maximum of RON 50.00 and a minimum of RON 32.80, going up ν the amounts recorded in 2021, when the maximum amount was RON 48 and the minimum amount was RON 18.14;

- ❖ The stock market capitalization on the last trading day of 2022 amounted to RON 12,910,358,663, going down v the RON 14,177,263,018 at the end of 2021.

7.4. PRESENCE IN INDICES

The Bucharest Stock Exchange (BSE) calculates and distributes, in real time, 8 indices – BET, BET-TR, BET-XT, BET-XT-TR, BET-BK, BET-FI, BET-NG, BET Plus – as well as an index developed together with the Vienna Stock Exchange, i.e., the ROTX index.

The BSE indices reflect the developments in the prices of the most traded listed companies or the developments in a number of representative industries, such as financial or energy industry. As a calculation methodology, all BSE indices are weighted price indices with free float capitalization and maximum limits for the weights of the component companies. Except for BET-TR and BET-XT-TR, which are adjusted for dividends, the other indices only reflect the developments in the market prices.

SNN shares were included in the BSE index structure with the following weights, on the adjustment date 9 December 2022 (the latest regular adjustment):

- ❖ 5.39% in the BET index (Bucharest Exchange Trading - the reference index of the capital market, a price index weighted with the free float capitalization of the top 10 most liquid companies listed on the BSE regulated market). Starting with 2015, criteria related to the transparency of the issuers and the quality of their reporting to, and communication with, investors are also applied to selection in this index;
- ❖ 4.70% in the BET-BK index (Bucharest Exchange Trading Benchmark Index) calculated as a weighted price index with the free-float capitalization of top 25 most traded companies listed on the BSE regulated market);
- ❖ 5.39% in the BET-XT index (Bucharest Exchange Trading Extended Index), a blue-chip index that reflects the price evolution of the top 25 most liquid companies traded in the regulated market segment, including SIFs; the maximum weight of a symbol in this index is 15%;
- ❖ 16.34% in the BET-NG index (Bucharest Exchange Trading Energy & Related Utilities - sectoral index that monitors the movement of share prices of companies the core business of which is related to the "energy and utilities" sector; the maximum weight of a symbol in the index is of 30%);
- ❖ 5.27% in the BET-TR index (Bucharest Exchange Trading Total Return Index), an index that reflects both the developments in the prices of component companies and the dividends offered by them. 2.04% in the BET-XT-TR index, the “total return” version of the BET-XT index, which includes the top 25 most traded Romanian companies listed on the BSE;
- ❖ 4.90% in the BET Plus index (Bucharest Exchange Trading Plus Index), an index that reflects the evolution of Romanian companies listed on the regulated market of the BSE, that meet the minimum selection criteria in terms of liquidity and value of the shares included in the free float, except for financial investment companies (SIFs);
- ❖ 5.39% in the BET-XT-TR index (BET-XT-TR is the “total return” version of the BET-XT index, which includes the top 25 most traded Romanian companies listed on the BSE. The

BET-XT-TR index reflects both the developments in the prices of the component companies and the dividends offered by them).

7.5. COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

Communication and Investor Relations activity is carried out in accordance with the legal provisions in force, as contained in Law no. 31/1990 republished, as amended and supplemented, the Government Emergency Ordinance no. 109/2011 on the corporate governance of public enterprises, Law no. 24/2017 on issuers of financial instruments and market operations, republished, and Regulation no. 5/2018 on issuers of financial instruments and market operations.

In SNN, the Investor Relations represent a set of strategic functions that includes communication, finance, and capital market and corporate governance legislation matters, the purpose of which is to steer and control the flow of information between the Company and its investors and shareholders. The major goal is forging relationships based on trust and respect between the Company and its investors and shareholders, that correctly reflects the Company's role, and provision of financial information and information about investments, projects and energy market to the community of investors in due time and totally transparent, so that the decision to invest or evaluate the company is informed by accurate and relevant data, connection maintenance, the interface between the Company's management and the community of investors and shareholders, creation and development of communication channels with them, that would meet their needs. The purpose of SNN and of its Investor Relations (IR_ structure is to maintain and develop the trust in the company, increase the market's responsiveness to the company, and add value for shareholders and investors. The IR function ensures that the company's shares are traded correctly by sharing key information that allows investors to make equally correct investment decisions.

Linked with SNN's communication strategy, the relationship with investors is guided by a symmetrical two-way system that places emphasis on feedback and, implicitly, on the constant development of the relationship with investors and concerns: meetings with shareholders and investors; organization of conferences, private meetings with shareholders and teleconferences and videoconferences; management of the section intended to investor relationship the company's website; facilitating access to relevant information about the company's activities and its reporting; communication the company's corporate governance policies; communication of information with an impact on both the company and its shareholders and investors.

The goal is to achieve effective communication, adjusted based on the feedback received from the market, which would allow shareholders to understand and assess, relying on objective and timely information, the changes occurred in the trading patterns and the company's development directions, all of which is information that impact the risk management strategies.

The shareholder and investor communication actions of 2022 consisted of:

- ❖ Meetings with investors to present the annual financial results;
- ❖ Teleconferences, in accordance with the financial calendar of the Company;
- ❖ Posted presentations and audio recordings of the teleconferences with investors on the SNN website;
- ❖ Promptly acting on the requests for information of shareholders, potential investors and the capital market participants;
- ❖ Participation in conferences organized by third parties concerning the Romanian capital market and presentation of the company's financial results and growth opportunities therein (BSE, Wood's, Fondul Proprietatea, etc.);
- ❖ Participation of the Company's representatives in informative workshops organized by relevant authorities with a view to improving corporate governance and increasing transparency towards shareholders;
- ❖ Organization of the General Meetings of Shareholders and of other actions aimed to guarantee the rights of shareholders: distribution of dividends for the 2021 financial year;
- ❖ Collection of information, production and review of the current reports and their submission to the competent authorities (the BSE and the FSA), and their publication on the Company's website in compliance with the time-limits set under the legislation in force;
- ❖ Participation in trainings and discussion sessions about the corporate governance standards, investor communication platforms and other tools provided by the capital market authorities;
- ❖ Constant updating of the information on the SNN website to improve access to relevant information for shareholders and investors and facilitate their understanding and returns.

7.6. OTHER INFORMATION

During the financial year ended on 31 December 2022, there were no transactions to purchase own shares and bonds issued by SNN and/or other types of receivables. SNN pays its liabilities under credit facilities in due time, and meets the financial conditions laid down in the respective contracts.

Project on Increasing Production Capacity

The latest actions carried out by SNN in order to continue the Project on Increasing Production Capacity are the following:

- The Decision of the Prime Minister of Romania no. 5/03.01.2022 established the Coordinating Committee for the expansion of the civil nuclear program in Romania, whose main duties are represented by the analysis, crystallization and substantiation of strategic decisions, of the necessary measures for the expansion of the civil nuclear program in Romania and the establishment the mandate of the representatives of the Romanian Party in the meetings of the Strategic Committee ("Steering Committee") for the coordination, facilitation and evaluation of the cooperation activities provided for in the Cooperation Agreement Towards the Cernavodă Nuclear Power Projects and the Civil Nuclear Power Sector in Romania concluded between the Government of Romania and the US Government.
- By Resolution of the Ordinary General Meeting of Shareholders of SNN no. 6/10.08.2022 was approved the continuation of the Project of Units 3 and 4 within Cernavodă NPP, respectively, the adoption of the Preliminary Investment Decision and entering Phase 2 – Preliminary Works, depending on the approval and conclusion of the Support Agreement between the Romanian State and SNN in relation to the Project of Units 3 and 4 within Cernavodă NPP. Moreover, they also approved the initiation of the steps for awarding and concluding the agreements necessary for the completion of the Project, within the limits of powers provided for in the articles of incorporation of SNN and Energonuclear S.R.L., and without exceeding the amount of EUR 185 million.
- During the UN Climate Change Conference (COP27), which took place in November 2022, US Exim Bank announced the issue of two expressions of interest for the financing the pre-project technical services provided by USA in relation to 3 and 4 Units from Cernavodă, developed by the subsidiary of National Company Nuclearelectrica S.A. Based on the preliminary information presented, EXIM can consider extending a financing of up to USD 50 million under US export contract for pre-project technical services, as part of the Engineering Multiplying Program (EMP), and of up to USD 3 billion under the US export contract for engineering and project management services for the contract for completion of Units 3 and 4 of the Cernavodă nuclear power plant.
- In December 2022, the Government of Romania, at the proposal of the Ministry of Energy, approved the draft law concerning the signing of the support agreement between the Romanian State and National Company Nuclearelectrica S.A. for the project concerning Units 3 and 4 of Cernavodă. The draft law was adopted by the Senate on 6 February 2023 and was

registered with the Chamber of Deputies for debate (PL-x no. 46/2023). The draft law was adopted on March 14, 2023.

Refurbishment Project of Unit 1 Cernavodă NPP

By its Resolution no. 4/23.02.2022, the Extraordinary General Meeting of Shareholders of SNN approved the investment decision in the Refurbishment project of Cernavodă NPP Unit 1. The version approved by the SNN shareholders includes project changes that, in addition to Scenario 1, ensure the increase of the nuclear safety margins of the plant and take into account the new trends of increasing robustness from the point of view of nuclear safety. The current cost for the implementation of Scenario 2, Enhanced Safety, is approximately EUR 1.85 billion, without taking into account the financing costs and the adjustment to inflation on the date when the contract for the refurbishment of Cernavodă NPP Unit 1 will be signed.

With the approval of the investment decision, SNN moves to the second phase of the project, namely, the provision of financial resources for the U1 Refurbishment Project, the preparation of the execution of the activities identified and defined for the refurbishment in Phase I and obtaining all the approvals and clearances required for the development of this project.

In its Current Report published on 21 July 2022, the Company announces the progress of Unit 1 Refurbishment Project, by signing the first agreement with Candu Energy, Member of SNC-Lavalin Group and the Unit 1 Design Authority and OEM (Manufacturer of original equipment) for CANDU technology.

As part of the contract, Candu Energy will offer engineering services for the development of the technical documentation for the purchase of the components with a long manufacturing cycle of the reactor, which will be replaced during the Refurbishment of Unit 1, within the process called "reactor retubing" (Replacement of Fuel Channels, Calandria Tubes and Fideri - ICCTCF). Also, Candu Energy will offer engineering services to assess the condition of the set of specialized tools that will be used to replace the reactor components and to prepare the documentation for the acquisition of the components that require replacement/modification.

During the 2nd phase of the Refurbishment Project of Unit 1, Nuclearelectrica and ROMATOM, together with Candu Energy Inc., a member of SNC-Lavalin Group, ANSALDO Nucleare and GE (General Electric) Steam Power, organized during the period 20-21 September 2022, the event "Cernavodă Unit 1-Refurbishment Suppliers' Day", for the purpose of gathering an important part of the national top industry, made up of companies specialized in equipment production and provision of services intended for the refurbishment of nuclear plants. The event pointed out the likelihood of developing partnerships and future cooperation for the successful completion of the Refurbishment Project of Unit 1 – Cernavodă Nuclear Plant.

On March 7, 2023, Nuclearelectrica announces the selection of Candu Energy Inc., a member of the SNC-Lavalin Group (TSX: SNC), to perform additional pre-project work for the CANDU® reactor of Unit 1 at Cernavoda. Under the two-year agreement, worth approximately 65 million dollars, SNC-Lavalin will perform long-term engineering and front-

end engineering services, in order to prepare the future re-engineering project of Cernavoda CNE Unit 1.

Litigation started by Cernavodă NPP Union and employees of Cernavodă NPP Branch

File no. 5802/118/2017 was filed with Constanța Tribunal against CNN, claiming unpaid salary rights representing the equivalent value of the professional risk bonus (dangerous conditions), the claimant being Cernavodă NPP Union on behalf of 757 employees of Cernavodă NPP Branch.

The Company finds these claims unfounded, as all the due salary rights have been paid to employees, including the amounts covered by this litigation. The court rejected the plea of *res judicata* invoked by SNN as unfounded and admitted the documentary and accounting expert report evidence, temporarily extending the technical expert report for the classification into radiological risk areas pending submission of documents by SNN. The production of evidence, i.e., performance of a new accounting expert review. In order to carry out the accounting expert review, the court set a hearing on 26 May 2023.

Litigation started by Energetica Nucleara '90 Free Union and employees of Cernavodă NPP Branch

File no. 7036/118/2017 was filed with Constanța Tribunal against CNN, claiming unpaid salary rights representing the equivalent value of the professional risk bonus (dangerous conditions), the claimant being Energetica Nucleara '90 Free Union on behalf of 291 employees of Cernavodă NPP Branch.

The Company finds these claims unfounded, as all the due salary rights have been paid to employees, including the amounts covered by this litigation. The court admitted the documentary evidence for accounting and technical expert reports, aiming at the classification under radiological risk areas. The court settled the litigation in favour of the defendant and rejected the claim of the union as ungrounded. Energetica Nucleara '90 Free Trade Union lodged an appeal. The appellate court rejected the union's appeal as unfounded, the decision being final.

Litigations started by the S.N. Nuclearelectrica S.A. against the Romanian Energy Regulatory Authority "ANRE"

1. Request for the setting aside of the ANRE Order no. 216/11.12.2019 approving the pricing methodology for the electricity sold by producers under regulated contracts and the quantities of electricity under regulated contracts concluded by producers with suppliers of last resort, and setting out the maximum quantities of electricity that can be imposed as sale obligations under regulated contracts, published in the Official Gazette no. 1001/12.12.2019 (Order no. 216/11.12.2019).

SNN filed with the Bucharest Court of Appeal a request to have the Order no. 216/11.12.2019 set aside (this led to forming of the casefile no. 97/2/2020), claiming discrimination between

energy producers to the detriment of the Company and leading to distortion of the electricity market mechanisms, as well as to infringements of the relevant domestic and European legislation. In the Case no. 97/2/2020, the court dismissed the higher appeal lodged by SNN, but in the adjoined case 97/2/2020/a1, it upheld the referral to the Constitutional Court concerning Article 5(7) of the Government Emergency Ordinance no. 33/2007, as introduced by Article I(2) of Law no. 160/2012. The case registered under no. 1658 D/2022 is in the report drafting stage.

2. The requests for the stay and setting aside of the ANRE Order no. 88/2020 approving the methodology for setting the regulated tariffs and the prices applied by suppliers of last resort to end customers for the period 1 July - 31 December 2020, and amending and supplementing the Framework Electricity Sale and Purchase Agreement concluded between the electricity producers and the suppliers of last resort, published in the Official Gazette no. 501/12.06.2020.

SNN brought up a court action for the stay of execution and the setting aside of the ANRE Order no. 88/2020 and the documents subsequent thereto, whereby ANRE enforced the obligation to sell at the regulated price and the amount of electricity to be sold at the fixed regulated price during the period 1 July - 31 December 2020. The case was registered under no. 3570/2/2020 with the Bucharest Court of Appeal, which dismissed the action as unfounded; this judgment was appealed against. The hearing before the HCCJ is set on 2 March 2023.

Litigation started by SN Nuclearelectrica S.A. regarding certain measures to regulate the facilities granted to pensioners in the electricity sector

S.N. Nuclearelectrica S.A. started the action to suspend enforcement, cancellation of Government Decision no. 1041/2003 regarding certain measures to regulate the facilities granted to pensioners in the electricity sector, as amended and of Government Decision no. 1461/2003 for the amendment and completion of Government Decision no. 1041/2003 regarding certain measures to regulate the facilities granted to pensioners in the electricity sector and the obligation to pay material damages in the amount of RON 820,422.44, resulting from the application in the past three years of Government Decision no. 1041/2003 and Government Decision no. 1461/2003 – File no. 4419/2/2021 registered with the Bucharest Court of Appeal, 8th Administrative and Fiscal Disputes Section.

The court dismissed the request for stay, and SNN lodged a higher appeal against this solution. The Case no. 4419/2/2021 was settled on 7 December 2022 by dismissing the higher appeal as unfounded.

The court dismissed the action as unfounded, and SNN lodged a higher appeal on the substance of the case against the Sentence no. 887/2022. The higher appeal case was registered under no. 1720/1/2022. The court rejected the end of the request regarding the annulment of HG 1041/2003, as having no object and admitted the SNN appeal and sent the case for retrial regarding the end of the request regarding the obligation of the respondent Government of Romania to grant compensation..

Dispute concerning the insolvency of Compania Nationala a Uraniului; application for registration of a claim of SNN

As at 3 February 2022, in the case no. 23089/3/2021, SNN filed for admission of its claim of RON 7,811,840.50, VAT included (RON 6,564,571.84 without the VAT), as a claim conditional upon the failure to perform, before 31 March 2022, the remaining deliveries under the contract no. 914/19.07.2018, and a claim secured with the obligation to refund a share of the advance of RON 10,000,000 paid by SNN for the delivery of U in sinterable powder of UO₂ at the price of RON 599.51/Kg, according to order no. 822/30.06.2020 issued under to framework agreement no. 914/19.07.2018.

As at 8 November 2022, under the report of the court appointed administrator dated 4 November 2022 and the updated preliminary list submitted on 8 November 2022, the claim of SNN was entered as a plain secured claim, and not as a conditional claim, as it had been initially entered, and the insolvency judge set the next hearing on 14 March 2023 for continuation of the proceedings with a view to settling the challenges filed against the preliminary list, completing the inventorying of the goods, completing the valuation the of the goods, and putting together the final list of claims.

Dispute concerning the request for public information about the Doicești Site Survey

As at 15 September 2022, the case no. 2873/120/2022 was registered with Dâmbovița Tribunal, whereby the claimant Ion Dragos Popescu asked, pursuant to Law no. 544/2001 on the free access to information of public interest, that SNN would be ordered to serve him the site survey for the small modular reactors (SMR) of Doicești, County of Dâmbovița county, and to indicate the alternative sites surveys and the reasons for choosing the site of Doicești.

SNN filed a statement of defence explaining the final site decision would be made based on the underlying surveys to be prepared, that there was no pending procedure for assessment and issue of the environmental agreement, and that the survey contained no environmental information due to be disclosed under the Aarhus Convention, and further that the disclosure of the requested information could hinder the business and the business commercial interests of the Company, as this was technical information concerning the modular reactor technology received under a non-disclosure clause and the non-disclosure agreements concluded by SNN with the providers of this information. The trial court rejected the summons request filed by the plaintiff Popescu Dragoș Ion, as unfounded. The sentence is appealable.

Re-election of Mr. Cosmin Ghita, Chief Executive Officer of S.N. Nuclearelectrica S.A., in the position of Governor in the Board of Governors of the World Association of Nuclear Operators "WANO"

Through the Current Report published on 25 January 2022, S.N. Nuclearelectrica S.A. informs shareholders and investors about the re-election of Mr. Cosmin Ghita, Chief Executive Officer of S.N. Nuclearelectrica S.A., in the position of Governor in the Board of Governors of the World Association of Nuclear Operators (WANO) for another mandate of 2

more years, until 31 December 2023. Mr. Cosmin Ghita was initially elected for the position of Governor on the WANO Board, globally, on January 1, 2020, being the first Romanian to hold this position internationally, in the nuclear industry.

Changes in the management of the company - Directors

By Current Report published on 10 August 2022, SNN informs about the appointment of Mr. Dan Niculaie-Faranga in the position of temporary Financial Director, with a 4-month term of office starting with 12 August 2022 until 12 December 2022, inclusive.

SNN Board of Directors approved in the meeting held on 10 August 2022, based on the recommendation of the Nomination and Remuneration Committee, the renewal of the office of Chief Executive Officer of Mr. Cosmin Ghita for a 4-year period starting with 12 February 2023 (the expiry date of this office is 11 February 2023).

By Current Report published on 1 September 2022, the Company informed shareholders and investors that starting with 1 September 2022, the position of Deputy Chief Operations Office would be held by Mr. Marian Serban. The position was held by Mr. Romeo Urjan until this date. The position would be held under an Individual Employment Agreement according to the organizational structure of SNN, directly reporting to the Chief Executive Officer of SNN.

Under the Current Report published on 29 November 2022, the Company provided information about the decision of the SNN's Board of Directors of 29 November 2022, based on the recommendation of the Nomination and Remuneration Committee, to extend the Mandate Contract of Mr. Dan Niculaie - Faranga for the position of temporary Chief Financial Officer for a 2-month period, effective 13 December 2022.

The Complementary Delegated Act by which nuclear energy and natural gas are included in the EU Taxonomy was approved by the European Parliament

On 2 February 2022, the European Commission announced the adoption of the Complementary Delegated Act thus including nuclear energy and natural gas in the scope of the EU Taxonomy on Sustainable Financing. The document thus confirms the significant role of these two energy sources in ensuring the energy security of the states and in reaching the decarbonization targets.

Thus, through the Delegated Act, major investment projects in the nuclear field, such as the re-engineering of nuclear units, the construction of new capacities and the development of innovative technologies, are considered sustainable in order to contribute to the energy transition of the member states.

It also recognizes the right of each EU member state to choose its own national energy mix, based on existing resources, expertise and capabilities. The EU taxonomy aims to direct private investments to the sources necessary to accelerate the energy transition and to achieve climate neutrality.

On 6 July 2022, the Complementary Delegated Act by which nuclear energy and natural gas are included in the EU Taxonomy was approved by the European Parliament. It will enter into force from as at 1 January 2023.

Armed conflict between Russia and Ukraine

In February 2022, an armed conflict broke out between Russia and Ukraine, which affected the economies of the two countries and resulted, among other things, in a significant flow of refugees from Ukraine to neighbouring countries (including Romania), as well as in a series of sanctions imposed by the international community on Russia and on some of the companies of Russian origin. The medium and long-term impact of this conflict and the sanctions imposed on Russia cannot be anticipated at this time with sufficient accuracy. Taking into account that the Company does not have activities significantly dependent on the area in conflict or affected by sanctions (in particular Russia, Ukraine, Belarus), neither in terms of purchases nor sales, we consider that the ability of the Company to continue its activity in the predictable future will not be significantly affected.

Changes in the management of the Company - Board of Directors

By Resolution of the Ordinary General Meeting of Shareholders of SNN no. 6/10.08.2022 the requests for renewal of the terms of office of five members of the Board of Directors were approved, starting with 29 September 2022, thus appointing the following members for a 4-year term of office: Mr. Minodor Teodor Chirica (non-executive director), Mr. Cosmin Ghita (executive director), Mrs. Elena Popescu (non-executive director). By the same Resolution of the Ordinary General Meeting of Shareholders the following were approved:

- the monthly gross fixed allowance of non-executive members of the Board of Directors, in value represented by two times the gross monthly salary for the last 12 months for the activity carried out according to the main object of activity registered by the company, at class level according to the classification of activities in the national economy, communicated by the National Institute of Statistics prior to the appointment and of the variable component of non-executive directors in the amount of 12 monthly fixed allowances;
- the amount of the gross fixed monthly allowance of the executive member of the Board of Directors, in value represented by six times the gross monthly average salary for the last 12 months for the activity carried out according to the main object of activity registered by the company, at class level according to the classification of activities in the national economy, communicated by the National Institute of Statistics prior to the appointment and of the variable component of non-executive director amounting to 2.5 times the annual gross fixed allowance for the entire fiscal year;
- the form of the mandate contract to be signed by the company with the newly appointed directors.

Also, SNN shareholders approved:

- a) the extension of the term of office of Mr. George Sergiu Niculescu, which was due to end on 28 August 2022, for a period of 2 months, starting on 29 August 2022, in accordance with the provisions of article 64¹ paragraphs (3) and (5) the Government Emergency Ordinance no. 109/2011, as subsequently amended and supplemented, or

until the date of acceptance of office by a director appointed in accordance with the provisions of Government Emergency Ordinance no. 109/2011, as subsequently amended and supplemented, if the selection is completed before the mentioned term and

- b) the appointment of Mr. Dumitru Chirlesan as temporary member of the Board of Directors, as of 10 August 2022, for a period of 4 months, in accordance with the provisions of article 64¹ paragraphs (3) and (5) the Government Emergency Ordinance no. 109/2011, as subsequently amended and supplemented, or until the date of completion of the selection procedure of directors in accordance with the provisions of Government Emergency Ordinance no. 109/2011, if the selection is completed before the mentioned term.

Resolution no. 6/10.08.2022 of the Ordinary General Meeting of Shareholders of SNN also approved the initiation of the procedure to select members of the Board of Directors of SNN for vacant positions, according to the provisions of GEO no. 109/2011 on the corporate governance of public enterprises, as subsequently amended and supplemented, and authorized the Board of Directors to implement the procedure to select members.

By the Current Report dated 27 September 2022, the Company informed shareholders and investors about the decision of the Board of Directors, as a result of the recommendation of the Nomination and Remuneration Committee, to appoint temporarily, starting with 29 September 2022 and until the date of the General Meeting of SNN Shareholders, two non-executive directors, on the vacancies within SNN Board of Directors. According to the provisions of article 137² of Law no. 31/1990, in case of vacancy of one or more positions of directors, unless the articles of incorporation provide otherwise, the Board of Directors proceeds with the appointment of temporary directors, until the gathering of the Ordinary General Meeting of Shareholders. Thus, the Board of Directors appointed Mrs. Vasilica Grajdan and Mr. Dumitru Remus Vulpescu as temporary directors.

By Resolution of the Ordinary General Meeting of Shareholders of SNN no. 10/19.10.2022, the following were approved: appointment of three temporary members of the Board of Directors of SNN, for a period of 4 months, in accordance with the provisions of Article 64¹, par. (3) and (5) of the Government Emergency Ordinance no. 109/2011, the form of the mandate contract to be signed, as well as the remuneration of the temporary members. As temporary members of the Board of Directors of SNN, Mrs. Grajdan Vasilica, Mr. Dumitru Remus Vulpescu and Mr. Niculescu George Sergiu were appointed.

By the Current Report dated 29 November 2022, the Company informed about the decision of the Board of Directors, as a result of the recommendation of the Nomination and Remuneration Committee, to appoint temporarily, starting with 11 December 2022 and until the date of the General Meeting of SNN Shareholders, Mr. Dumitru Chirlesan as non-executive director, on the vacancy within SNN Board of Directors.

Legal framework concerning the additional income tax/contribution to the Energy Transition Fund

On 29 October 2021, the Parliament of Romania adopted Law no. 259/2021 for approving the GEO no. 118/2021, which established that the additional income of electricity producers resulting from the difference between the average monthly electricity selling price and the price of RON 450 /MWh shall be taxed by 80%, according to article II para. (1) of Law no. 259/2021. The calculation method is established by GEO no. 27/2022 (Appendix 6) and applies, according to Article 4 of the GEO no. 27/2022 for the period 1 November 2021 - 31 March 2023. The company met the enforcement criteria starting with January 2022.

Subsequently, GEO no. 119/01.09.2022 for the amendment and supplementation of GEO no. 27/18.03.2022, applicable as of 1 September 2022, changes the computation and period during which this contribution is due by electricity producers. Thus, pursuant to Article 4, Article 6 and Article 7 of Appendix no. 2 to the GEO no. 119/01.09.2022 for amending Appendix no. 6 to the GEO no. 27/18.03.2022, the value of the contribution is determined as the product between the difference between the monthly sales price and the reference price of RON 450 /MWh and the monthly quantity physically delivered, applicable for the period 1 September 2022 – 31 August 2023.

Effective 16 December 2022, Law no. 357/2022 approving the Government Emergency Ordinance no. 119/01.09.2022, which set forth a number of amendments to the provisions of the Government Emergency Ordinance no. 119/2022 on the contribution to the Energy Transition Fund, came into effect. The application period has been extended until 31 March 2025, and the calculation methodology was amended so that the amount of the contribution would be further determined as the product between the difference between the monthly sale price and the amount of RON 450/MWh and the monthly quantity physically delivered from own production.

Thus, for the period 1 January - 31 December 2022, SNN recorded an additional income tax expense/contribution to the Energy Transition Fund of RON 1,085,014 thousand.

Launch of the platform “Nucleus of Care”

In the Current Report published on 21 April 2022, the Company announces the launch of the social responsibility platform the “Nucleus of Care”, which follows the strategic directives and the vision of the company to build a sustainable future for the future generation, both by clean power production at excellence standards, and by the social and economic impact which it has in Romania.

The "Nucleus of Care" platform shall include both social responsibility initiatives of the company, and projects that the company will select to sponsor, in the "Nucleus of Care" project selection launched on this occasion.

To allow as many beneficiaries as possible to join, the sponsorship campaign shall take place in 2 stages, the first stage during April 21, 2022 and May 22, 2022, while the second during July 17 - August 20, 2022.

The competition is open to non-profit organizations and institutions, according to the applicable law and the participation and sponsorship rules available on the company's website.

Approval of distribution of the net profit of financial year 2021

Resolution no. 5/28.04.2022 of the Ordinary General Meeting of Shareholders ("AGOA") approved the distribution of the net profit of the financial year 2021 by allocations, the total value of the gross dividends in the amount of RON 595,925,367, the value of the gross dividend per share in the amount of RON 1.97559234, the dividend payment date, namely the date of June 24, 2022 and the payment methods, in accordance with the note presented to the shareholders for this item on the agenda (item 5 of the AGOA agenda of April 28, 2022).

Planned shutdown of unit 1 within Cernavodă NPP

Starting on May 8, 2022, at 11:00, Cernavodă NPP Unit 1 entered the planned shutdown program, and synchronization with the National Energy System was completed on June 28, 2022, reaching the nominal power on June 29, 2022.

During the planned shutdown, carried out once every two years for each unit, activities from the following programs were carried out:

- Preventive and corrective maintenance program;
- Inspection program;
- Mandatory testing program during the planned shutdowns;
- Project change implementation program.

All works during the planned shutdown were carried out under safety conditions for the plant personnel, the public and the environment, according to the procedures approved and employed by Cernavodă NPP Branch, in compliance with all protection measures against COVID 19.

The development of the first small modular reactor (SMR)

During the Small Modular and Advanced Reactors Workshop Planning IV event organized in Bucharest by the United States Trade and Development Agency (USTDA) in partnership with the US Trade Department, Nuclearelectrica, NuScale and E-Infra signed a Memorandum of Understanding to develop the first small modular reactor (SMR) in Romania on the site of the former thermal power plant in Doicești, Dâmbovița county.

Following the Memorandum of Understanding ("MOU"), the companies will carry out engineering studies, technical analyses and licensing and authorization activities on the site in Doicești, Dâmbovița county, the location selected for the implementation of the first NuScale VOYGR™ plant.

By its Resolution no. 7/10.08.2022, the Extraordinary General Meeting of SNN Shareholders approved the establishment of a company office in Doicești Commune, str. Colonie nr. 12, Casa de Cultura, ground floor, room 1, Dâmbovița county, in order to start the preliminary

stages of analysing the potential of the first small modular reactor (SMR) in Romania on the site of the former Doicești thermal power plant in Dâmbovița county. S.N. Nuclearelectrica S.A. secondary office premises shall be organized as an Information Center during the project, including an office for future actions to be included in engineering and design studies, technical location analyses, licensing and authorization activities etc.

By Resolution no. 8/22.09.2022 of the Ordinary General Meeting of SNN Shareholders, the Strategy for implementation of NuScale Small Modular Reactors (SMR) Project was approved on Doicești site.

By Resolution no. 9/22.09.2022 of the Extraordinary General Meeting of SNN Shareholders, SNN participation in the establishment of a new company was approved, organized as a joint stock company, for the development of the project (“project company/undertaking”) and the authorization of SNN Chief Executive Officer to sign the Investment Agreement and the Articles of Incorporation of the newly established company.

By Current Report dated 27 September 2022, the Company informed about the establishment, together with Nova Power & Gas S.R.L. of RoPower Nuclear S.A. company, the project company for the development of small modular reactors in Romania, on the site of the former coal power plant from Doicești, Dâmbovița County. RoPower Nuclear S.A., owned in equal parts by SC Nuclearelectrica S.A. and Nova Power & Gas S.R.L., shall take steps for the implementation of the first power plant NuScale VOYGR-6 (462 MWe) in Romania.

By Current Report dated 27 October 2022, the Company informed that on 27 October 2022, USA Trade and Development Agency (USTDA) paid a grant in amount of 14 million dollars to RoPower Nuclear S.A., the project company for the development of small modular reactors. The grant would be used for the preliminary engineering and design study (FEED) to advance the project of development of the first SMR nuclear plant in Romania.

As at 15 November 2022, a Memorandum of Understanding (MoU) was signed between RoPower Nuclear SA and Donalam SRL, part of the AFV Beltrame Group, a European leader in steel production, in the IAEA Atoms4Climate COP 27 pavilion. The objective of this Memorandum of Understanding is to explore opportunities for cooperation and investment in support of developing the very first SMR project in Romania, which is likely to have a great impact on green steel production in Romania. On the same occasion, the two companies joined the United Nations 24/7 Carbon-Free Energy Compact, undertaking to comply with the UN's 24/7 principles in support of the UN's goal of accelerating the electricity system, mitigating climate change and ensuring access to clean energy at affordable prices.

As at 28 December 2022, the contract for Front-End Engineering and Design (FEED) works between NuScale Power LLC and the Romanian company RoPower Nuclear SA was signed and marked an important step towards deployment of a NuScale VOYGR™ power plant with small modular reactors (SMR) in Romania.

Energonuclear S.A. Subsidiary

By Resolution of the Extraordinary General Meeting of Shareholders of SNN no. 7/10.08.2022 the financing of EnergoNuclear S.A. (EN) by SNN was approved, by SNN increasing the share capital of EN in cash and/or granting related loans by SNN, with a total amount of EUR 185 million, adjusted to the Project development requirements and necessary for the implementation of Phase 2 of the Project of Units 3 and 4 within Cernavodă NPP, depending on the approval and conclusion of the Support Agreement between the Romanian State and SNN in relation to the Project of Units 3 and 4 within Cernavodă NPP.

The Electricity Production Sales Strategy for the following 4 years pursuant to the provisions of the Government Emergency Ordinance no. 27/2022, as subsequently amended and supplemented

By Resolution no. 10/19.10.2022 of the Ordinary General Meeting of Shareholders of SNN, it was approved the Electricity Production Sales Strategy for the following 4 years pursuant to the provisions of the Government Emergency Ordinance no. 27/2022, as subsequently amended and supplemented.

Fitch rating agency reconfirmed the BBB- rating granted to S.N. Nuclearelectrica S.A.

Under the Current Report on 10 November 2022, the Company informed its shareholders and investors that the Fitch rating agency reconfirmed the BBB- rating granted to S.N. Nuclearelectrica S.A., with a negative outlook.

The BBB- rating reflects the strong market position and sound business profile of S.N. Nuclearelectrica S.A., as the only producer of nuclear energy, a clear, safe and cost-effective source, with a market share of 20%, which accounts for 35% of the total CO₂-free emissions produced in Romania.

The negative outlook attached to the rating reflects the sovereign rating because the SNN rating is conditional upon a sovereign rating of Romania, in the event that this would be downgraded. The essential elements that led to reconfirmation of this rating were: a sound business profile; sufficient liquidity; the estimated financial profile; the influence of Unit 1 shutdown for retrofitting on the operating result and the investment needs; the influence of the significant investments on the company's cashflow; the impact of the additional taxation of income on the company's financial results; the reduction of the share of debts secured by the State and the strong support afforded to the company by the State, given its strategic importance and the shareholding ties. With the view to completing the major investment projects, from the perspective of a corporate governance endeavour focused on a high level of transparency, S.N. Nuclearelectrica S.A. applied for assessment and granting of the rating to strengthen its market position and allow for an objective assessment of SNN's abilities by the international community of investors.

Completion of the takeover of the uranium concentrate processing line from Compania Nationala a Uraniului SA ("CNU"), Feldioara Branch

Under the Current Report of 28 December 2022, the Company informed that it had completed the takeover of the uranium concentrate processing line from Compania Nationala a Uraniului SA ("CNU"), Feldioara Branch.

8. STAND-ALONE FINANCIAL AND ACCOUNTING STATEMENT AS AT 31 DECEMBER 2022

The Audited Stand-Alone Financial Statements are enclosed hereto. Excerpts with the main elements are rendered below.

Statement of financial position

Ratio [thousand RON]	2022 (audited)	2021 (audited)
Fixed assets	6,049,279	6,110,845
Current assets	5,743,493	3,514,280
Total assets	11,792,772	9,625,125
Equity	10,535,505	8,365,261
Total liabilities, of which:	1,257,267	1,259,864
Long-term liabilities	456,762	597,564
Short-term liabilities	800,505	662,300
Total equity and liabilities	11,792,772	9,625,125

Statement of profit and loss, and statement of comprehensive income

Ratio [thousand RON]	2022 (audited)	2021 (audited)
Operating income	6,534,010	3,203,880
Operating expenses	(3,548,003)	(2,024,400)
Operating profit	2,986,007	1,179,480
Financial income	238,176	61,025
Financial expenses	(31,687)	(36,411)
Net financial income	206,489	24,614
Profit before corporate tax	3,192,496	1,204,094
Net corporate income tax expenses	(428,073)	(167,832)
Profit of the financial year	2,764,423	1,036,262
Other elements of the overall result	0	281,432
Overall result	2,764,423	1,317,694
Earnings based on share (RON/share)	9.16	3.44
Diluted earnings per share (RON/share)	9.16	3.44

Statement of cash flows

Ratio [thousand RON]	2022 (audited)	2021 (audited)
Profit before corporate tax	3,192,497	1,204,093
Value adjustments and changes	255,970	450,160
Cash flows from operating activity	3,448,467	1,654,253
Net cash related to the operating activity	3,148,552	1,534,834
Net cash related to the investment activity	(1,015,615)	(65,773)
Net cash related to the financing activity	(769,335)	(698,227)
Net increase of cash and cash equivalents	1,363,602	770,834
Cash and cash equivalents at the beginning of the period	1,317,400	546,566
Cash and cash equivalents at the end of the period	2,681,002	1,317,400

9. CONSOLIDATED FINANCIAL AND ACCOUNTING STATEMENT AT AS 31 DECEMBER 2022

The Audited Consolidated Financial Statements are enclosed hereto. Excerpts with the main elements are rendered below.

Statement of financial position

Ratio [thousand RON]	2022 (audited)	2021 (audited)
Fixed assets	6,021,189	6,087,274
Current assets	5,771,493	3,537,820
Total assets	11,792,682	9,625,094
Equity	10,532,543	8,364,683
Total liabilities, of which:	1,260,139	1,260,411
Long-term liabilities	456,762	597,564
Short-term liabilities	803,377	662,847
Total equity and liabilities	11,792,682	9,625,094

Statement of profit and loss, and statement of comprehensive income

Ratio [thousand RON]	2022 (audited)	2021 (audited)
Operating income	6,534,129	3,203,893
Operating expenses	(3,551,080)	(2,024,646)
Operating profit	2,983,049	1,179,247
Financial income	239,237	61,046
Financial expenses	(31,799)	(36,412)
Net financial income	207,438	24,634
Profit before corporate tax	3,190,487	1,203,881
Share of profit or loss of related entities and joint ventures, accounted by the equity method;	(197)	0
Net corporate income tax expenses	(428,250)	(167,842)
Profit of the financial year	2,762,040	1,036,039
Other elements of the overall result	0	281,432
Overall result	2,762,040	1,317,471
Earnings based on share (lei/share)	9.16	3.43
Diluted earnings per share (lei/share)	9.16	3.43

Statement of cash flows

Ratio [thousand RON]	2022 (audited)	2021 (audited)
Profit before corporate tax	3,190,487	1,203,881
Value adjustments and changes	252,770	448,321
Cash flows from operating activity	3,443,257	1,652,202
Net cash related to the operating activity	3,144,027	1,532,800
Net cash related to the investment activity	(1,010,140)	(38,268)
Net cash related to the financing activity	(769,335)	(698,227)
Net increase of cash and cash equivalents	1,364,552	796,305
Cash and cash equivalents at the beginning of the period	1,343,172	546,867
Cash and cash equivalents at the end of the period	2,707,724	1,343,172

10. CORPORATE GOVERNANCE DECLARATION

10.1. IMPLEMENTATION OF THE CORPORATE GOVERNANCE PRINCIPLES

In 2022, SNN continued to implement good corporate governance practices so that its internal practices fully meet, quality-wise, the new requirements attached to the company's status of entity admitted for trading on the BSE. Implementation of the corporate governance rules ensures a transparent decision-making process, substantiated by clear and objective rules aimed at building the trust of shareholders in the Company. SNN places great importance on corporate governance, and review its compliance with the provisions of the new Corporate Governance Code issued by the Bucharest Stock Exchange, which came into force on 4 January 2016. Every year, SNN issues a report on the to-date progress in date implementation of the provisions of the Corporate Governance Code of the Bucharest Stock Exchange, which can be found in Appendix 7.

For its communication, investor relations, information transparency, accuracy and completeness and accessibility of Nuclearelectrica's website, in 2022, the Company scored 10/10 for the fourth consecutive year in the VEKTOR assessment (the index of corporate investor communication for companies on the Stock Exchange) performed by the Romanian SE Investor Relations Association (ARIR).

VEKTOR is the first index measuring investor communication for listed companies and is calculated based on a methodology that includes 12 criteria, in line with the best international practices. The Corporate Governance Regulation of SNN (available on the Company's website) ensures integrated management support in the smooth unfolding of the issuer-shareholder/investor/analyst relationship and full and non-discriminatory observance of their rights, striking a balance between administration, management and the assumed performance objectives, on the one hand, and control and efficiency and performance assessment, adequate management of actual and potential risks and careful supervision of compliance with the regulations in force, on the other hand.

As to implementation of the corporate governance principles, in 2022, SNN take a number of steps related to corporate governance, that mainly targeted the following matters:

- ❖ The dividends for the 2021 financial year were paid in compliance with the legislation in force applicable to issuers, with no incidents, through a transparent procedure, based on the documents published on the Company's website under a special section.
- ❖ In accordance with the provisions of FSA Regulation no. 5/2018, SNN submitted current reports to the BSE and the FSA, based on Article 108 of Law no. 24/2017 and Article 234(i) of the FSA Regulation no. 5/2018, on the transactions that cumulatively exceed 5% of the net assets shown in the latest financial reporting and, respectively, the transactions that individually or cumulatively exceed 10% of the net turnover or total revenues, as applicable, related to the latest annual financial statements.
- ❖ The current reports submitted are posted bilingually (in Romanian and English) also on the website of SNN and contain the following information: the parties that executed that legal

act; the execution date and the nature of the act, its subject-matter, the total amount of the legal act, any mutual claims, any securities set up, penalties, the payment terms and means.

- ❖ SNN submits current reports to the BSE and the FSA to inform shareholders about any event likely to alter the assets or financial standing of the Company, in compliance with the time-limits sets out under the legislation applicable to issuers the shares of which are admitted for trading on a regulated market.

- ❖ SNN has published and will publish on its own website, and simultaneously submit them in a note to the BSE, the quarterly, half-yearly and annual reports, both in Romanian and in English.

- ❖ In 2022, the SNN management representatives participated in 5 events dedicated to the investor relationships (business-to-business);

- ❖ SNN organized 5 teleconferences with its investors to present the financial results, according to the financial timetable announced at the beginning of the year.

In SNN, there is a department dedicated to investor relations - the Communication and Investor Relations Department, the role of which is to implement and monitor the corporate governance standards across the Company, provide information to shareholders and investors in accordance with legal provisions, and ensure proactive communication focused on the target group, the information needs of investors and the analysis of market trends.

Take measures on compliance with the principle of transparency, respectively:

- ❖ Availability of a section dedicated to investors on the Company's website;

- ❖ On the SNN website, under the Investor Relations section, there is a link to the information about the General Meetings of Shareholders, where the convening notices and related materials for each GMS, draft GMS resolutions, special and general power of attorney templates, postal ballots for both legal entities and natural persons, and the GSM resolutions with the respective voting results are published. Information objective reliance can be placed on good shareholder information can also be found on the SNN's website;

- ❖ The SNN website further provides a number of tools for investment calculation, charts and trading summaries;

- ❖ Publication of the Resolutions of the General Meetings of Shareholders in not more than 24 hours of the meeting on the Company's website;

- ❖ The dedicated to Investor Relations section found on the Company's website contains also the key corporate regulations applied in the Company, in a bilingual format: the Articles of Incorporation, the Corporate Governance Regulation which contains the terms of reference of the Board of Directors, the Regulations of the advisory committees, the Regulation for Organization and Conduct of GSM meetings, the Code of Ethics of the Board of Directors, the Code of Ethics and Business Conduct of SNN, the Ethics and Compliance Programme SNN, the Compliance and Risk Management Guidelines, Operational data, the Sustainability Report;

- ❖ Submission of the current reports and of the regular financial reports (quarterly, half-yearly and annual) to the BSE and the FSA and their publication on the Company's website, accompanied by the relevant Auditor's Reports;

- ❖ Presentation of updated information about the membership of the Board of Directors: the CVs of the members, other professional commitments of the Board members, including any

executive and non-executive positions held in the Boards of Directors of other companies or non-for-profit institutions, the status of independent member, as the case may be;

- ❖ Presentations delivered by SNN to investors during the Company's main financial events and the audio file, in accordance with the financial timetable, are displayed on the Company's website, including the audio recordings;
- ❖ A chart with the evolution of the price of SNN shares on the stock exchange.

SNN has adopted an internal policy covering the legal regime applicable to inside information and the legal provisions and the sanctions that can be applied for the misuse/abusive use and inappropriate circulation/unauthorized disclosure of inside information, and has an updated the lists of persons who have access to inside information, either permanently and temporarily.

In the Company, an internal flow has been put in place for preparation, signing and transmission submission of current reports to the Bucharest Stock Exchange and the Financial Supervisory Authority, without exceeding the statutory reporting time-limits.

All the conditions required for shareholders to be able to exercise their right to postal vote before the date of the Meeting have been put in place, in accordance with the provisions of the Government Emergency Ordinance no. 109/2011. Thus, the Regulation on the Organization and Conduct of the General Meetings of SNN Shareholders provides for the "Postal Vote" as a way of shareholders exercising their right to vote by, and provides for clear in this regard.

The person tasked with investor relations in SNN is Valentina Dinu.
Head of Communication, Sustainability and Public Relations Department.
Contact data:
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Number: 021.203.82.77
Fax: 021.316.94.00

10.2. GENERAL MEETING OF SHAREHOLDERS

SNN's corporate bodies, a company managed under single-tier system, are structured as follows: The General Meeting of Shareholders is the ultimate decision-making forum of the Company, and the Board of Directors.

Under the Resolution of the SNN's Ordinary General Meeting of Shareholders no. 1 of 27 January 2021, shareholders took note of the Updated Regulation on the organization and performance of the General Meetings of Shareholders, accommodating the legislative amendments.

The updated Regulation on the Organization and Performance of SNN's GMSs documents all amendments and supplements to the legal provisions laid down in the FSA Regulation no. 5/20218, Law no. 24/2017 on the issuers of financial instruments and market operations, as subsequently amended and supplemented, the BSE Governance Code, Law 31/1990 of the Companies, and Government Emergency Ordinance no. 109/2011 on corporate governance of public enterprises.

The updated Regulation on the Organization and Performance of SNN's GMSs is posted on the SNN website under the section dedicated to the General Meetings of Shareholders.

General Meeting of Shareholders (GMS)

The General Meeting of Shareholders is the main corporate governance body of the Company, and decides on the activity and financial and business policy of the Company. SNN has devised and put in place sound internal procedures for organization and performance of the GMSs, as well as rules that govern its legal and statutory activity, in accordance with the Articles of Incorporation and the applicable legislation. As to of its structure, depending on the matters that require approval by shareholders, the General Meeting of Shareholders can be ordinary or extraordinary.

Ordinary General Meeting of Shareholders (OGMS)

The powers and duties of the Ordinary General Meeting of Shareholders (OGMS) include:

- ❖ To discuss, approve or amend the annual financial statements, based on the reports submitted by the Board of Directors and the financial auditor;
- ❖ To decide on the distribution of the net profit and to fix the dividend;
- ❖ To elect and revoke the members of the Board of Directors;
- ❖ To appoints and dismisses the financial auditor and to set the minimum term of the financial audit agreement;
- ❖ To set the general limits of the remuneration paid to the CEO and Executives;
- ❖ To set the remuneration of the members of the Board of Directors, as well as the terms and conditions of the mandate contract concluded with the members of the Board of Directors;
- ❖ To resolve on the discharge of office for the members of the Board of Directors;
- ❖ To approve the development strategies and policies of the Company;
- ❖ To set the annua income and expenditure budget for the next financial year;
- ❖ To decide on the pledging, renting or setting up security interests in movable property or mortgages on the assets owned by the Company;
- ❖ To approve the reports of the Board of Directors on the activity carried out;
- ❖ To decide on any other matters concerning the Company, according to their legal duties and powers; however, provided that these matters fall within the scope of powers of the General Meeting of Shareholders;
- ❖ To review and address other matters presented by the Board of Directors;
- ❖ To approve the remuneration policy for the heads of units, as well as in case of any material change and, in any case, at least once every 4 years;
- ❖ To submit to vote the remuneration report for the latest financial year; the shareholder opinion from the vote is advisory in nature.

Extraordinary General Meeting of Shareholders (EGMS)

The main powers and duties of the Extraordinary General Meeting of Shareholders (EGMS) are:

- ❖ To change the legal status of the Company;
- ❖ To relocate the Company's offices;
- ❖ To amend the Company's scope of business;
- ❖ To set up or close secondary offices: branches, agencies, representation offices or other similar unincorporated units;
- ❖ To increase, reduce or reinstate the share capital by issuing new shares;
- ❖ To merger with other companies, or spin off, the Company;
- ❖ To early wind up the Company;
- ❖ To issue bonds;
- ❖ To convert shares from one category to another;
- ❖ To convert a category of bonds into another category or into shares;
- ❖ To stay the shareholders' right of preference to subscription of new shares issued by the Company;
- ❖ To authorize acquisition by the Company of its own shares and to set the term for this acquisition, in particular the maximum number of shares to be acquired, and, for acquisitions for a consideration, their minimum and maximum consideration and the period of the operation, in observance of the law; also, to set the means of disposing of the own shares acquired by the Company;
- ❖ To acquire, dispose of, exchange or pledge assets of the Company qualified as plant, property and equipment, the value of which exceeds, individually or cumulatively, during one financial year, 20% of the total fixed assets of the Company less the receivables;
- ❖ To lease out tangible assets, for a period of more than one year, whose individual or cumulative value related to the same co-contractor or persons involved or acting in a concerted manner exceeds 20% of the total value of the fixed assets, less receivables at the date of conclusion of the legal act, as well as joint ventures for a period of more than one year, exceeding the same value;
- ❖ To approve any other amendment to the Articles of Incorporation or pass any other resolution which requires approval of the Extraordinary General Meeting of Shareholders;
- ❖ To approve the term of office of the representatives of SNN in the General Meeting of Shareholders of S.C. Energonuclear S.A. for:
 - winding up and liquidation of Energonuclear S.A.;
 - making any investment by Energonuclear SA that exceeds EUR 50,000,000 (EUR fifty million) in one single transaction, and/or that exceeds EUR 50,000,000 (EUR fifty million) aggregately with other transactions in any financial year;
 - conclusion by Energonuclear SA of any contract involving expenses or talking up any important obligation by Energonuclear SA that exceeds EUR 50,000,000 (EUR fifty million), individually or cumulatively, during one single financial year;
 - any actual or proposed sale, any other disposal of any assets or rights of Energonuclear SA, any actual or proposed acquisition of any assets or rights by Energonuclear SA that exceeds the aggregate amount of EUR 50,000,000 (EUR fifty

million);

- contracting by S.C. Energonuclear S.A. of any type of loans or debts or liabilities of the loan type, with a value exceeding EUR 50,000,000 (EUR fifty million).

In addition to the powers and duties listed above or laid down under law, the Extraordinary General Meeting of Shareholders resolves also on the following matters:

- ❖ Conclusion by the Company of any contract, taking up of any obligation or commitment that could involve expenses, or taking up any other important obligation by the Company, according to the limits of power provided in Appendix no. 1 to the Articles of Incorporation;
- ❖ Taking up the Company of any type of loans or debts or obligations of the loan type according to the limits of powers provided in Appendix no. 1 to the Articles of Incorporation;
- ❖ Establishment or participation in establishment of companies regulated by the Law of Companies no. 31/1990, or of associations or foundations regulated by the Government Ordinance no. 26/2000 on associations and foundations;
- ❖ Delegation to the Board of Directors of the power to stay the right of preference, in compliance with the quorum and majority conditions;
- ❖ Approval of the consolidation of the nominal value of a share;
- ❖ Approval of the Board of Directors' proposal concerning the value of a consolidated share to be used for calculation of the compensation amount;
- ❖ Provision of information about the amounts payable to shareholders, approval of payment terms and conditions, as well as approval of calculation instructions to be made available to shareholders;
- ❖ Authorization of the Board of Directors to amend the Articles of Incorporation further to consolidation of the nominal value of the shares, performance of all the necessary operations for registration and amendment of the Articles of Incorporation in the Trade Register.

Quorum and majority requirements

The quorum will be reviewed by the chairman of the meeting for each individual resolution, prior to casting the vote on that resolution.

(a) OGMS

For the first convening of the Meeting, the quorum requirements are met when shareholders representing at least 1/4 of the total number of voting rights are present or represented in the Meeting. Resolution can be validly passed with the "for" vote of the shareholders representing the majority of the votes cast. For the second convening, the Meeting can decide on the matters included on the agenda of the adjourned Meeting, regardless of the number of shareholders present, by the vote of the shareholders representing the majority of the votes cast.

(b) EGMS

For the first convening of the Meeting, the quorum requirements are met when shareholders representing at least 1/4 of the total number of voting rights are present in the Meeting. Resolutions can only be passed with the majority of the votes held by the present or represented shareholders. For the second convening, the Meeting can decide on the matters included on the agenda of the adjourned Meeting, when at least 1/5 of the total number of voting rights are presented or represented, and resolutions are passed with the majority of the votes held by the present or represented shareholders.

Any resolutions that amend the main scope of business of the Company, reduce or increase its share capital, change its legal status, or merge, spin-off or wind up the Company will be passed with a majority of at least 2/3 of the voting rights held by the present or duly represented shareholders.

GMS convening

The General Meeting of Shareholders is convened to meet by the Board of Directors. The General Meeting of Shareholders, whether ordinary or extraordinary, will be convened whenever necessary, in accordance with the legal provisions and the provisions of the Articles of Incorporation, by publishing the call notice in the Official Gazette of Romania Part IV, and in a national daily newspaper or in a widely circulated newspaper of the locality where the Company's registered office is located, at least 30 days before the set date, as well as on SNN's website. All information will be disseminated in both Romanian and in English.

The General Meeting of Shareholders can be convened in the following instances:

- (i) Whenever the case, further to a decision of SNN's Board of Directors, by the Chairman of the Board of Directors or a member thereof, based on the authorization issued by the Chairman;
- (ii) At the request of the shareholders representing, individually or together, at least 5% of the share capital, and if this request concerns duties or powers of the Meeting.

The Ordinary General Meetings of Shareholders is held at least once a year, in not more than 4 (four) months of the end of the financial year, in order to review the financial statements of the previous year and determine the activity programme and the budget of the current year.

The meeting date cannot be set earlier than thirty days of publication of the convening notice in the Official Monitor of Romania, Part IV.

Pursuant to the applicable provisions (Law no. 31/1990, Government Emergency Ordinance no. 109/2011, Regulation no. 5/2018) and the provisions of the Articles of Incorporation, the GMS Call Notice includes at least the following information:

- ❖ Name of issuer;

- ❖ Start date and time and venue of the first and adjourned GMS;
- ❖ Proposed agenda, explicitly listing all the matters to be debated in that Meeting;
- ❖ A clear and accurate description of the proceedings to be observed by shareholders in order to be able to participate and cast their vote in the General Meeting, plus information about:
 - The right of one or more shareholders, representing alone or together with other shareholders at least 5% of the Company's share capital, to introduce matters on the agenda (based on a reasoning), in not more than 15 days of publication of the call notice, and to submit draft resolutions for the matters included or proposed to be included on the agenda of the General Meeting. The agenda supplemented by the matters proposed by shareholders must be published at least 10 days before the date of the General Meeting of Shareholders set out in the initial call notice.
 - Express indication of the fact that the right to vote can be exercised directly, through a representative or by post, and the terms for such exercise. When the vote is cast by proxy (by representation), it will be considered that the power of attorney forms (special and general) must be used for this type of vote. Method of obtaining the special/general power of attorney form for representation in the GMS, the time-limit and the place where the powers of attorney will be submitted/received, as well as methods for the Company to accept notification of representative appointment by electronic means and procedures that allow postal vote.
- ❖ Reference date, as well as indication of the fact that only people who are then shareholders have the right to participate and cast votes in the General Meeting;
- ❖ A time-limit for making proposals of candidates for the director offices, when the election of directors is included in the agenda. The call notice will also indicate that the list with information about the name, place of residence and professional qualification of the persons proposed for the office of member of the Board of Directors is available to the shareholders for examination and supplementation;
- ❖ The place where the full text of documents and draft resolutions, plus any other information about the matters out on the agenda of the General Meeting can be obtained from, and the date as of which these will be available, as well as the procedure to be followed in this regard;
- ❖ When the agenda includes proposals of amendment of the Articles of Incorporation, the notice to attend shall also render the full text of such proposals;
- ❖ Company's website address;
- ❖ Proposal of registration date;
- ❖ Proposal of ex-dates and, if applicable, proposal of date of payment;

- ❖ Express indication of the fact that the right to vote can be exercised directly, through a representative based on a special or general power of attorney, or by post, and the terms for such exercise;
- ❖ Manner of distributing the postal ballot and the special power of attorney form for representation in the GMS, as well as the date as of which these are available;
- ❖ Time-limit for, and the where special powers of attorney and postal ballots must be sent/received;
- ❖ Indication of the exact address where special powers of attorney and postal votes are to be sent to;
- ❖ The fact that significant shareholders have the right to opt for the application of poll vote method for the election of the members of the Board of Directors, when this matter is put on the GMS agenda in accordance with the provisions of Article 85 of Law no. 24/2017, republished.

The call notice, any other matter added to the agenda at the request of shareholders, the annual financial statements, the annual report, as well as the proposal of dividend distribution are made available to the shareholders at the Company's registered office as of the date when the General Meeting is convened, and are published on the website, so as to ensure the free access to information for shareholders. At request, copies of these documents can be issued to shareholders.

Shareholders representing individually or together at least 5% of the Company's share capital can request, under an application filed with the Board of Directors, introduction of new matters on the agenda, and/or can submit draft resolutions for the matters thus included on the agenda; however, in not more than 15 days of publication of the call notice. The agenda supplemented by the matters proposed by shareholders must be published at least 10 days before the date of the General Meeting set out in the initial call notice.

Each shareholder can ask the Board of Directors written questions about the matters put on the agenda of the General Meeting of Shareholders, before the date of the General Meeting, and these will be answered during the Meeting. The Company is the obligation to answer the questions asked by shareholders. The Company can word a general answer for questions with the same content. An answer is deemed to have been provided if the requested information is published on the Company's web page www.nuclearelectrica.ro in a question-answer format.

In accordance with the capital market regulations, the draft resolutions subject to approval by the GMS, together with the other supporting materials, are published on the Company's website as of the call notice publication date.

GMS performance procedure

SNN has devised and put in place internal regulations for organization and performance of GMSs, which place specific duties concerning GMS organization on the different structures and departments of the Company. These aim to regulate the entire internal flow of documents and information, procedures and logistics, as well as the external process that consists in provision of accurate information to the Company's shareholders about the matters due to be addressed in the convened Meetings.

Shareholders can participate and cast votes in the General Meeting by proxy, based on a special or general power of attorney issued for that General Meeting or for a period not exceeding 3 years. The proxy may not be replaced by another person. When the proxy is a corporate body, they can exercise this mandate through any person who is part of their governance or management body, or one of their employees.

Corporate bodies may be represented by their legal representatives who, in turn, can issue powers of attorneys for that General Meeting to other persons. As to the State, the relevant ministry can appoint its standing representatives in the General Meeting of Shareholders, in compliance with the aforementioned legal requirements and conditions.

In addition to the regulation for organization and performance of GMSs, SNN abides as such also by the legal provisions that regulate the GMS performance for listed companies.

In not more than 24 hours of the date of the General Meeting, the Company prepares a current report to briefly present how the General Meeting is going to be held, and how resolutions would be passed therein. This report will be disseminated to the capital market institutions, i.e., BSE, and will be published on the Company's website.

Rights and duties of shareholders

The Company's shares are registered, of equal value and issued in dematerialized form, by registration in the account, and entitle their respective holders to equal rights.

Each share subscribed and paid up in full entitles to equal rights and grants them one vote in the General Meeting of Shareholders, the right to elect and be elected in the management bodies, the right to participate in profit distribution according to the provisions of the Articles of Incorporation and the legal provisions, as well as other rights provided by the Articles of Incorporation and the legal provisions.

The shares issued in dematerialized form are traded on a regulated market, in accordance with the stock market legislation. The rights and obligations attached to shares follow the shares, when these are transferred to other persons. Shareholders have the right to receive correct and complete information about the standing of the Company in the General Meeting of Shareholders. When new shares are issued, the existing shareholders have the right of preference to their subscription, under the terms of the law, pro-rata with the percentage of shares held in the Company.

SNN shareholders can exercise their right to vote as follows:

1. Direct vote - in person, in the GMS;
2. Vote by proxy holding a special or general power of attorney;
3. Postal vote.

All holders of financial instruments issued by SNN of the same type and class of securities benefit from equal treatment, and the Company constantly makes sustained efforts to produce an effective, active and transparent communication so as to allow the exercise of rights in a fair manner.

10.3. MANAGEMENT OF THE COMPANY

10.3.1. BOARD OF DIRECTORS

Structure. Member appointment. Eligibility criteria

The Board of Directors is the executive body of the Company, formed of 7 members, of each one executive and 6 non-executive members.

The Chairman of the Board of Directors was elected by the Board of Directors among its members, and is Mr. Teodor Minodor Chirica. The Chairman of the Board of Directors is appointed for a period that may not exceed the term of office of director and may be revoked at any time by the Board of Directors.

Directors may be revoked at any time by the Ordinary General Meeting of Shareholders. Each director expressly accepted the exercise of their respective office. The company must celebrate a D&O type insurance (liability insurance of managers). During their term of office, directors may not enter into an employment contract with the Company.

The members of the Board of Directors must exercise their mandate with prudence and diligence of a good director, with loyalty, in the interest of the Company and are not allowed to disclose confidential information and business secrets of the Company.

Also, the members of the Board of Directors are under the obligation to ensure avoidance of any direct or indirect conflict of interest with the Company, and should a conflict occur, they will abstain from the debates and casting their vote on the that matters, in accordance with the legal provisions in force.

The membership of the Company's Board of Directors in 2022 was as follows:

Name	Age (years)	Qualification	Professional experience (years)	Position	Date appointed	Office expiry date
Elena Popescu	63 years	Nuclear Plant Engineer	37 years	Non-executive member of the Board of Directors	28.09.2018 (4-year final office according to the OGMS Resolution no. 12/28.09.2018)	28.09.2022
					10 August 2022 (4-year final office effective 29 September 2022, according to the OGMS Resolution no. 6/10.08.2022)	29.09.2026
Mihai Daniel Anitei	53 years	Mechanic Engineer	24 years	Independent non-executive member of the Board of Directors	28.09.2018 (4-year final office according to the OGMS Resolution no. 12/28.09.2018)	28.09.2022
Cosmin Ghita	33 years	Economist	12 years	Executive member of the Board of Directors	28.09.2018 (4-year final office according to the OGMS Resolution no. 12/28.09.2018)	28.09.2022
					10.08.2022 (4-year final office effective 29 September 2022, according to the OGMS Resolution no. 6/10.08.2022)	29.09.2026
Remus Vulpescu	51 years	Legal Advisor	26 years	Independent non-executive member of the Board of Directors	28.09.2018 (4-year final office according to the OGMS Resolution no. 12/28.09.2018)	28.09.2022
					27.09.2022 (temporary office until the date when the GMS is held)	

Name	Age (years)	Qualification	Professional experience (years)	Position	Date appointed	Office expiry date
					19.10.2022 (temporary office for a period of 4 months, according to the OGMS Resolution no. 10/19.10.2022)	19.02.2023
Teodor Minodor Chirica	77 years	Engineer	53 years	Non-executive member of the Board of Directors	27 July 2020 (final office according to the OGMS Resolution no. 9/27.07.2020) after completion of the selection procedure under the Government Emergency Ordinance no. 109/2011	28.09.2022
					10 August 2022 (4-year final office effective 29 September 2022, according to the OGMS Resolution no. 6/10.08.2022)	29.09.2026
Chirlesan Dumitru	60 years	Physical Engineer	36 years	Non-executive temporary member of the Board of Directors	10.08.2022 (temporary office for a period of 4 months, according to the OGMS Resolution no. 6/10.08.2023)	10.12.2022
					09.12.2022 (temporary office until the date when the GMS is held)	
George Sergiu Niculescu	43 years	Economist Legal Adviser	22 years	Non-executive temporary member of the Board of Directors	09.03.2022 (temporary office until the date when the GMS is held)	
					28.04.2022 (temporary office for 4 months, according to the OGMS Resolution no. 5/28.04.2022)	28.09.2022

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Name	Age (years)	Qualification	Professional experience (years)	Position	Date appointed	Office expiry date
					10.08.2022 (temporary office for a period of 2 months, according to the OGMS Resolution no. 6/10.08.2023)	29.10.2022
					19.10.2022 (temporary office for a period of 4 months, according to the OGMS Resolution no. 10/19.10.2022)	19.02.2023
Serban Valeca	66 years (deceased 2022)	Physical Engineer	40 years	Non-executive temporary member of the Board of Directors	09.03.2022 (temporary office until the date when the GMS is held)	
					28.04.2022 (temporary office for 4 months, according to the OGMS Resolution no. 5/28.04.2022)	28.09.2022
						10.08.2022 (from the position of member of the Board of Directors further to termination <i>de jure</i> of this office by deceased, according to the OGMS Resolution no. 6/10.08.2022)
Vasilica Grajdan	49 years	Economist	31 years	Non-executive temporary member of the Board of Directors	27.09.2022 (temporary office until the date when the GMS is held)	
					19.10.2022 (temporary office for a period of 4 months, according to the OGMS)	19.02.2023

Name	Age (years)	Qualification	Professional experience (years)	Position	Date appointed	Office expiry date
					Resolution no. 10/19.10.2022)	

The members of the Board of Directors are elected by shareholders in the Ordinary General Meeting of Shareholders. The Company is not aware of any agreement, understanding or family ties between director(s) and another person, because of which the said person was appointed director.

Information about other commitments and relatively-permanent professional obligations of the members of the Board of Directors

Name	Company	Position held	Period	Current position (Yes/No)
Elena Popescu	Ministry of Energy	Director General of the General Directorate for Energy Policies	September 2013 - Present	Yes
	Ministry of Energy	Advisor on nuclear energy and European affairs	February 2013 – September 2013	No
	Energonuclear S.A.	Chairman of the Board of Directors	2013 - Present	Yes
	Permanent Representation of Romania by the European Union	Advisor on nuclear affairs and energy international relations	August 2007 – February 2012	No
	OPCOM S.A.	Chairman of the Board of Directors	2015 - Present	Yes
	CEO	Member of the Supervisory Board	2016 – 2017	No
	CEH	Member of the Board of Directors	2015 – 2016	No
	CNU	Member of the Board of Directors	2015 – 2016	No
Remus Vulpescu	ARMAX GAZ S.A. Medias	Special Administrator, Chief Executive Officer	2021	No
	Romaero S.A.	Chief Executive Officer and member of the Board of Directors	2016 – 2020	No
	Cupru Min S.A. Abrud	Member of the Board of Directors	2016 — 2019	No
	Fortus S.A. Iasi	Special Administrator (insolvency proceedings)	2015 - Present	Yes

Name	Company	Position held	Period	Current position (Yes/No)
	Turnaround Management Association (USA)	Member	2015 - Present	Yes
	INSOL Europe	Member	2015 - Present	Yes
	Vulcan S.A. Bucharest	Chief Executive Officer	2014 — 2016	No
	C.N.T.E.E. Transelectrica S.A.	Member of the Supervisory Board	2013 — 2014	No
	S.N.T.G.N. Transgaz S.A.	Member of the Board of Directors	2013 — 2014	No
Mihai Daniel Anitei	Azomures	CEO	June 2012 - Present	Yes
	Fertilizer's Europe Agriculture Committee	Chairman	September 2012 - Present	Yes
	Ameropa Grains	Member of BoD	2016 - Present	Yes
	Chimpex	Member of BoD	2016 - Present	Yes
	Oil Terminal	Member of BoD	2016 - Present	Yes
Teodor Minodor Chirica	S.N. Nuclearelectrica S.A.	Expert	October 2017 – December 2019	No
	S.C. EnergoNuclear S.A.	CEO	November 2013 – October 2017	No
Vasilica Grajdan	Eurotransgaz SRL	Director	2018 - Present	Yes
	SNTGN "TRANSGAZ" SA	Human Resources Organization and Planning Director	2017 - Present	Yes
	Enel Romania	Human Resources Manager	2015-2017	No
George Sergiu Niculescu	Ministry of Energy	Secretary of State	2021 - Present	Yes
	S.N.G.N ROMGAZ S.A.	Member of the Board of Directors	2021-2022	No
	S.C. CDG S.R.L.	CEO	2020-2021	No
	Prefect's Institution - Constanța	Prefect	2019-2020	No
	1st Class Inspector, Senior Rank	Eforie Municipality	2019	No
	S.C. COVASNA ESTIVAL 2002 S.A.	Business Manager	2012-2019	No
	S.C. CDG S.R.L.	General Manager, Director	2016-2019	No
	Constanța County Council	County Councillor	2016-2019	No
	S.C. OMB GRUP INVEST S.A.	Director	2015-2019	No
	S.C. WE POWER TEAM S.R.L.	Director	2014-2017	No
S.C. GSN INTER UNITED S.R.L.	Director	2001-2019	No	

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Name	Company	Position held	Period	Current position (Yes/No)
Chirlesan Dumitru	University of Pitești	Rector	2016 - Present	Yes
	University of Pitești, Department for Environmental Engineering and Applied Engineering Sciences	Lecturer, Ph.D.	2003 - Present	Yes
	University of Pitești, Center for Design of Sustainable Development Projects	Manager	2013 - Present	Yes
	SC CENTRINO AG SRL	Manager	2014 - Present	Yes
	European Commission by IBF International Consulting	European Expert	2011 – 2013	No
	European Commission by Centre International D'Etudes Pedagogiques	European Expert	2010 – 2012	No
	University of Pitești	Pro-rector	2004 – 2012	No
	University of Pitești	Associate Professor	2003 - Present	Yes
	Group for European Integration (GEI)	Chairman	2002 - Present	Yes
	Publishing House of the University of Pitești	Director	2000 – 2004	No
	University of Pitești	Assistant Professor	1997 – 2003	No
	"Muntenia" Training Center	Executive Director	1995 – 2001	No
	Pitești University Foundation	Scientific Secretary	1995 – 2001	No

In accordance with the criteria laid down at Paragraph A4 of the BSE Corporate Governance Code, the members of the Board of Directors who have contractual relations with a shareholder holding more than 10% of the voting rights, as at 1 January 2016, are Elena Popescu (Director General of the Directorate for Energy Policies of the Ministry of Energy) and George Sergiu Niculescu (Secretary of State with the Ministry of Energy) and Mrs. Vasilica Grajdán (Director for Human Resources Organization and Planning with SNTGN "TRANSGAZ" SA).

As at 31 December 2022, Mr. Sergiu George Niculescu, member of the Board of Directors, holds 4,500 SNN shares.

Main duties and powers of the Board of Directors

Key objectives of the Board of Directors appointed for a 4-year office, as of 28 September 2018:

Regarding the operation of nuclear units in nuclear safe and secure conditions for the staff, population, environment and production assets:

- ❖ Maintaining maximum availability of the engineering and safety functions;
- ❖ Improving/maintaining high professional training of the staff who operate the two nuclear units;
- ❖ Maintaining the radioactive releases in water and air below the regulated level.
- ❖ Maintaining membership of international nuclear energy organizations and, if necessary, membership of other organizations;

- ❖ Ensuring the oversight function.

In order to maintain electricity generation capacity above the industry average:

- ❖ Preparation of maintenance and repair plans to increase equipment and system reliability, and safely and securely operate the nuclear units;
- ❖ Development of lifecycle management programmes for Cernavodă NPP's components and systems (reactor, steam generator, turbogenerator, etc.);
- ❖ Continued programmes to replace the used and discontinued components and equipment;
- ❖ Performance of the mandatory annual inspection programmes on vital nuclear components (fuel canals, heat exchangers, etc.) in due time and at maximum quality;
- ❖ Maintaining the installed power usage capacity above the nuclear industry average;
- ❖ Deployment of the strategy to diversify the supply sources for the raw material needed to produce nuclear fuel.

Under the EGMS Resolution no. 4/23.02.2022, the Investment Decision concerning the Refurbishment Project for Cernavodă NPP Unit 1 was approved based on the feasibility study, with the implementation of Enhanced Safety Scenario 2, as the optimal option for the refurbishment of Cernavodă NPP Unit 1.

By OGMS Resolution no. 6/10.08.2022, the continuation of the Project of Units 3 and 4 within Cernavodă NPP approved, respectively, the adoption of the Preliminary Investment Decision and entering Phase 2 – Preliminary Works, depending on the approval and conclusion of the Support Agreement between the Romanian State and SNN in relation to the Project of Units 3 and 4 within Cernavodă NPP, as well as the Approval of the initiation of the steps for awarding and concluding the agreements necessary for the completion of the Project, within the limits of powers provided for in the articles of incorporation of SNN and EN, and without exceeding the amount of EUR 185 million.

By OGMS Resolution no. 8/22.09.2022, the Strategy for implementation of NuScale Small Modular Reactors (SMR) Project was approved on Doicești site.

The EGMS Resolution no. 9/22.09.2022 approved the Investor's Agreement related to establishment of a new legal entity, organized a joint-stock company and aiming to develop the NuScale Small Modular Reactors (SMRs) Project on the Doicești site, as well as the participation of the National Company “Nuclearelectrica S.A.” in the establishment of a new and of the Investors' Agreement in connection with establishment of a new legal entity, organized a joint-stock company, in accordance with the provisions of the Investor's Agreement.

By Resolution no. 10/19.10.2022, it was approved the Electricity Production Sales Strategy for the following 4 years pursuant to the provisions of the Government Emergency Ordinance no. 27/2022, as subsequently amended and supplemented.

The Board of Directors of has the following duties and powers, which may not be delegated to the CEO:

- ❖ To set the main business and development directions of the Company;
- ❖ To devise the accounting policies and the financial control system, as well as to approve the financial planning;
- ❖ To appoint and revoke the executives and determine their remuneration;
- ❖ To oversee the work of the CEO and the Executives;
- ❖ To prepare the annual report, organization of the General Meeting of shareholders and implementation of its resolutions;
- ❖ To file for opening the insolvency proceedings for the Company, according to the Law no. 85/2006 on the insolvency proceedings;
- ❖ To approve changes in the scope of business, but not also to the main field of business and the core business if the Company.

As at 15 March 2021, the Board of Directors approved the updating of the Regulation for Organization and Functioning of the SNN's Board of Directors.

The Board of Directors has also the following powers and duties:

- ❖ Exercises control over the manner in which the Managing Director and the other Managers manage the Company;
- ❖ Endorses the income and expenditure budget;
- ❖ Approves the management plan issued by the Managing Director and /or by the other Managers;
- ❖ Within 30 days of its appointment, it prepares and submits for approval by to the General Meeting of Shareholders a proposal of financial component for the administration plan in order to secure attainment of the financial and non-financial performance indicators, supplemented by the management component devised by executives;
- ❖ Checks whether the activity carried out in the name and on behalf of the Company is in accordance with the law, the Articles of Incorporation and any relevant resolutions of the General Meeting of Shareholders;
- ❖ Orders ad hoc checks regarding the understanding of the nuclear security culture in the Company, relying on the information received from the responsible departments;
- ❖ Submits an annual report regarding the administration activity to the General Meeting of Shareholders;
- ❖ Represents the Company in the relationships with the Managing Director and with the Managers appointed;
- ❖ Reviews and endorses the quarterly, half-yearly and annual financial statements of the Company;
- ❖ Reviews and approves the Report of the CEO and the Reports of the Executives;
- ❖ Proposes to the General Meeting the appointment and dismissal of the financial auditor and the minimum duration of the audit contract;
- ❖ Approves the mandate contracts of the Managing Director and of the Managers appointed establishing this way the organization modality of the managers' activity;

- ❖ Approves the people empowered to negotiate the Collective Bargaining Agreement with the representative unions and/or representatives of employees as well as the negotiation mandate granted to them;
- ❖ Approves the Collective Bargaining Agreement at the Company level;
- ❖ Approves the Organization and Functioning Regulations of the Board of Directors;
- ❖ Approves the activity programs (production, research– development, technological engineering, investments, etc.);
- ❖ Approves the strategy regarding the energy sales transactions of the Company;
- ❖ Approves any transaction of the Company with any of the companies which it has close relations with, the amount of which is equal to or higher than 5% of the net assets of the Company (according to the last financial report), based on an opinion of the Board’s Audit Committee, and which is correctly disclosed to shareholders and potential investors, insofar as such transactions fall under the category of events subjected to reporting requirements;
- ❖ Approves the conclusion of any contract/document that triggers legal obligations for the Company (deeds of acquisition, alienation, exchange or pledge of assets within the category of fixed assets of the Company), whose value does not exceed, individually or cumulatively, during a financial year, 20% of the total fixed assets of the Company less the receivables, according to the competence limits provided for in the Appendix to this Articles of Incorporation;
- ❖ Approves leases of tangible assets, for a period of more than one year, whose individual or cumulative value related to the same co-contractor or persons involved or acting in a concerted manner does not exceed 20% of the total value of the fixed assets, less receivables at the date of conclusion of the legal act, as well as joint ventures for a period of more than one year, which do not exceed the same value;
- ❖ Approves the term of office of the representatives of Nuclearelectrica in the General Meeting of Shareholders S.C. Energonuclear S.A. for all decisions which fall within the competence of the General Meeting of Shareholders S.C. Energonuclear S.A. except for those for which a resolution of the General Meeting of Shareholders of the Company is needed, according to the provisions of the Articles of Incorporation.

The Board of Directors has the power to endorse/approve contracts, loans and various operations at the level of the Company, according to the limits of competence provided for in the Appendix to the Articles of Incorporation.

In 2022, the SNN Board of Directors was called to meet 42 times in order to take the decisions needed for administration of the Company in accordance with its respective duties and powers laid down in the Articles of Incorporation of SNN, the Corporate Governance Regulation and the Regulation for the Organization and Conduct of the Board of Director’s Meetings; 37 of these meetings were held by teleconference, and 4 featured an electronic vote.

The majority of the meetings of the Board of Directors held by teleconference is due to implementation of all the necessary measures to avoid the spread of COVID 19 in the context of the pandemic.

Presence of the Board of Directors’ members in the meetings held face-to-face and by teleconference, depending on the term of their office, including for revoked offices.

BoD members	Teleconference meetings (36)
Teodor Chirica	41/42
Cosmin Ghita	37/42
Elena Popescu	28/42
Remus Vulpescu	42/42
George Niculescu	28/35
Dumitru Chirlesan	18/18
Vasilica Grajdán	13/13
Serban Valeca	8/8

In accordance with the provisions of the Articles of Incorporation of SNN, the Corporate Governance Regulation and the Regulation on the Organization and Conduct of the Board of Directors' Meetings, the members of the Board of Directors granted representation mandates to other members of the Board of Directors for the meetings they could not attend in person or by phone, thus ensuring representativeness and the quorum requirements. The meetings of the SNN Board of Directors are statutorily valid provided that the majority of its members is present.

As of 31 October 2019, the Secretary of the Board of Directors has been Ms. Oana Andrusca, Public Relations Specialist with SNN. In 2022, the Secretary of the Board of Directors is Mrs. Oana Andrusca, Public Relations Specialist with SNN.

Remuneration of the members of the Board of Directors

Pursuant to the provisions of the Government's Emergency Ordinance no. 109/2011 on the corporate governance of public enterprises, as subsequently amended and supplemented, the remuneration policy and criteria for directors and executives of the unitary system are made public on the website of SNN, under the section "Investor Relations - Remuneration Policy".

According to the current provisions, i.e., Article 37 of the Government Emergency Ordinance no. 109/2011, as subsequently amended and supplemented, the fixed remuneration of the executive members of the Board of Directors may not exceed two times the average gross salary for the last 12 months for the activity carried out according to the main object of activity registered by the Company, at class level according to the classification of activities in the national economy, communicated by the National Institute of Statistics prior to the appointment. The fixed remuneration of the executive members of the Board of Directors may not exceed 6 times the average gross monthly salary for the last 12 months for the activity carried out according to the main object of activity registered by the Company, at class level according to the classification of activities in the national economy, communicated by the National Institute of Statistics prior to the appointment.

The fixed and variable compensation of the members of the Board of Directors is approved by the General Meeting of SNN Shareholders. The general limits of the executives' remuneration (executive for the purposes of Article 143 of Law no. 31/1990) are approved by the General Meeting of Shareholders; based on these general limits, the Board of Directors sets the amount of the executives' remuneration. The fixed remuneration of the executives with a mandate contract may not exceed 6 times the average gross salary due for the work rendered, according to the main object of activity registered by the Company, at class level

according to the classification of activities in the national economy, communicated by the National Institute of Statistics prior to the appointment.

As regards Mr. Teodor Minodor Chirica, on his appointment date, i.e., in the Ordinary General Meeting of 27 July 2020 until 28 September 2022, the monthly gross fixed allowance of the elected director was approved as equal to twice the last 12-month average of monthly gross average salary due for the work rendered 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 of Statistics prior to appointment, plus the variable component amounting to 12 monthly fixed allowances determined based on the financial and non-financial performance ratios, as these were negotiated with the directors currently in office of the Company and approved by the Ordinary General Meeting of Shareholders by Resolution no. 3/10.04.2019.

Under the OGMS Resolution no. 6/10.08.2022, appointment of the following persons was approved: Teodor Minodor Chirca, Cosmin Ghita and Elena Popescu, effective 29 September 2022, for a 4-year term of office, according to the provisions of Article 29(1) of the Government Emergency Ordinance no. 109/2011, as well as the monthly gross fixed allowance of the non-executive members of the Board of Directors, amount to two times the monthly gross average salary earnings due over the last 12 months for the work rendered 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 of Statistics prior to the appointment, and approval of the variable component of non-executive directors amounting to 12 monthly fixed allowances, plus the monthly gross fixed allowances of the executive member of the Board of Directors, amounting to six times the last 12-month average of the monthly gross average salary earnings for the work rendered 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 of Statistics prior to the appointment, and approval of the variable component of the executive director.

As to the renewal of the term of office of Mr. George Sergiu Niculescu, which came to an end on 28 August 2022, by 2 months, effective 29 August 2022, in accordance with the provisions of article 64¹(3) and (5) of the Government Emergency Ordinance no. 109/2011, as subsequently amended and supplemented, or until the date of acceptance of office by a director appointed in accordance with the provisions of Government Emergency Ordinance no. 109/2011, as subsequently amended and supplemented, if the selection is completed before the indicated term, maintenance of the monthly gross fixed allowance for the temporary member of the Board of Directors and of the variable component, as approved under the OGMS Resolution no. 5/28.04.2022, was approved.

As to Mr. Dumitru Chirlesan, the OGMS Resolution no. ... approved his election as temporary member of the Board of Directors, effective of 10 August 2022, for a 4-month term of office, in accordance with the provisions of article 64¹(3) and (5) the Government Emergency Ordinance no. 109/2011, as subsequently amended and supplemented, or until completion of the selection procedure of the directors selected in accordance with the provisions of

Government Emergency Ordinance no. 109/2011, if selection is completed before the indicated term, and the monthly gross fixed allowance for the temporary member of the Board of Directors, of lei 15,057, i.e., equal to that of the latest director in office selected pursuant to the Government Emergency Ordinance no. 109/2011, as well as of a variable component determined in the very same way as that of the directors in office, at the level of the short-term component, and paid pro-rata with the term of the temporary office.

Under the OGMS Resolution no. 10/19.10.2022, Vasilica Grajdan, Vulpescu Remus Dumitru and Niculescu George Sergiu were appointed as temporary members, for a term of office of 4 months, pursuant to the provisions of Article 641(3) and (5) of the Government Emergency Ordinance no. 109/2011, and the monthly gross fixed allowances of the temporary members of the Board of Directors, of lei 17,926, i.e., equal to that of the directors the office of whom was renewed according to the OGMS Resolution no. 6/10.08.2022, plus a variable component determined in the very same way as for the directors in office, at the level of the short-term component, and paid pro-rata with the period of the temporary office, were approved.

Detailed information about the remuneration of directors and executives in 2022 can be found in the Report of the Nomination and Remuneration Committee, enclosed to this Report.

10.3.2. EXECUTIVE MANAGEMENT

The Board of Directors delegates the management of the Company to one or more Executives, naming one of them as CEO. The CEO represents the Company in relations with third parties and before the courts of law. The CEO is responsible for taking all measures related to the management of the Company, within the scope of the Company's business and observing the exclusive powers reserved under the law or the Articles of Incorporation to the Board of Directors and to the General Meeting of Shareholders. The Board of Directors can delegate, under a duly passed resolution, one or more of the powers mentioned at the previous paragraph (and which can be delegated) to the CEO.

The CEO of SNN has, according to the Articles of Incorporation, the following duties and powers:

- ❖ To steer and coordinate the entire business of the Company;
- ❖ To carry through the resolutions of the General Meeting of Shareholders and the resolutions of the Board of Directors passed and adopted in accordance with the powers reserved thereto;
- ❖ To apply the development strategies and policies of the Company;
- ❖ To select, hire, promote and fires the Company's employees;
- ❖ To appoint, suspend or revoke the persons sitting in the management of subunits, and to set their remuneration;
- ❖ To negotiate and conclude, in accordance with the law, individual employment agreements;
- ❖ To execute legal instruments, for and on behalf of the Company, whereby to acquire, dispose of, lease/rent, exchange or pledge as security assets of the Company, and the

execution of which does not fall under the scope of the approval powers of the General Meeting of Shareholders or, as the case may be, of the Board of Directors;

- ❖ To execute any other instruments creating an obligation of the Company towards third parties, and the execution of which does not fall under the scope of the approval powers of the General Meeting of Shareholders or, as the case may be, of the Board of Directors, according to the limits of powers set out in an Appendix to the Articles of Incorporation;
- ❖ To approve investment projects according to the powers set out in an Appendix to the Articles of Incorporation;
- ❖ To devise and submit for approval by the Board of Directors the financial statements, as well as the distribution proposal concerning the profit resulting from the balance sheet of the financial year, which they intend to present to the General Meeting of Shareholders;
- ❖ To devise and submit for clearance by the Board of Directors the draft budget of the Company, which is to be submitted for approval by the General Meeting of Shareholders;
- ❖ To submit for clearance by the Board of Directors the materials due to be submitted for approval by the General Meeting of Shareholders;
- ❖ To approve, together with the other Executives, and submit for clearance/approval by the Board of Directors the activity programmes (production, research & development, technological engineering, investments, etc.);
- ❖ To determine the duties and responsibilities of the Company's staff, on departments;
- ❖ To approve the collection and payment operations according to the legal powers and the provisions of the Articles of Incorporation;
- ❖ To authorize the Executives or any other person to exercise any power granted to them;
- ❖ To approve the delegations of powers for Executives and the persons sitting in the management of subunits, in order to carry out the Company's operations;
- ❖ To approve the powers and duties of the subunits of the Company;
- ❖ To approve the organizational structure of the Company and the number of positions, the rules for establishment of the functional and production departments, as well as the Company's Organization and Functioning Regulation and Internal Regulation;
- ❖ To set and approve the environmental protection and work safety policies, according to legal provisions;
- ❖ To approve the regulatory documents and regulations applicable to the Company's activities;
- ❖ To determine on the marketing tactics and strategy;
- ❖ To carry out any other duties provided in the regulatory acts, the Company's Articles of Incorporation, the resolutions of the Board of Directors and the resolutions of the General Meeting of Shareholders;
- ❖ To address any other issue that the Board of Directors assigned to them.

The position of CEO of S.N. Nuclearelectrica S.A. was occupied under a mandate contract further to the Decision of the Board of Directors no. 2 of 4 February 2019 whereby Mr. Cosmin Ghita was appointed to this position for 4 years, effective 11 January 2019. This decision was made based on the Recommendation of the Nomination and Remuneration Committee dated 22 January 2019.

Under the Decision of the Board no. 154 of 10 August 2022, renewal of the SNN CEO office was approved for 4 years, effective 12 February 2023 (the expiry date of the current office

was 11 February 2023), based on the Recommendation of the Nomination and Remuneration Committee registered under no. 9220/09.08.2022.

After completion of the internal selection procedure, the position of Cernavodă NPP Branch Manager is taken over by Mr. Valentin Ovidiu Nae effective 19 October 2020. At the end of 2022, the position of Executive Officer of Cernavodă NPP Branch is held by Mr. Valentin Ovidiu Nae.

Position of NFP Pitești Branch Manager: Effective 17 October 2019 and to date, the position of NFP Pitești Branch Manager has been occupied by Mr. Sorin Popescu, under the CEO Decision no. 345 of 17 October 2019.

CFO: Mr. Paul Ichim temporarily held the office of Chief Executive Officer, effective 31 March 2020. Mr. Paul Ichim was appointed CEO for a 4-year term of office, effective 1 August 2020, after completion of the selection procedure performed in accordance with the provisions of Government Emergency Ordinance no. 109/2011. As at 3 October 2021, the Board of Directors of SNN took note, under Decision no. 171/06.10.2021, of the resignation of Mr. Paul Ichim from his position of CFO of SNN. According to the executed mandate contract, the office of Paul Ichim came to an end effective 11 February 2022, i.e., 90 business days before his resignation.

Under the decision of the Board of Directors no. 22/10.02.2022 and based on the recommendation of the Nomination and Remuneration Committee, Mr. Dan Niculaie Faranga was appointed as temporary CFO, with a term of office of 4 months, effective 11 February 2022 and until including 10 June 2022, with the possibility of renewal for good reasons by not longer than 6 months, pursuant to Article 64² of the Government Emergency Ordinance no. 109/2011, as subsequently amended and supplemented.

Under the BoD Decision no. 115/10.06.2022, renewal of the current CFO office in National Company Nuclearelectrica S.A. was approved for a 2-month period, effective 11 June 2022.

Under the decision of the Board of Directors no. 153/10.08.2022 and based on the recommendation of the Nomination and Remuneration Committee no. 9221/09.08.2022, Mr. Dan Niculaie Faranga was appointed as temporary CFO, with a term of office of 4 months, effective 12 August 2022 and until including 12 December 2022, with the possibility of renewal for good reasons by not longer than 6 months, pursuant to Article 64² of the Government Emergency Ordinance no. 109/2011, as subsequently amended and supplemented.

Under the Decision of the Board of Directors no. 238/29.11.2022, renewal of the mandate contract no. 86/10.08.2022 of the CFO in office of National Company Nuclearelectrica S.A. was approved for a 2-month period, effective 13 December 2022.

The Chief Financial Officer carries out his activity under the subordination of the Chief Executive Officer and the Board of Directors.

Under the decision of the Board of Directors no. 11/27.01.2022, termination of the Mandate Contract no. 65/11.02.2019 concluded by SNN with Mr. Tudor Laurentiu Dan, as Deputy CEO was approved, by agreement of the parties.

According to the chart flow of SNN, approved by Decision of the Board of Directors, the position of Deputy CEO with Contract of Mandate was reorganized into the position of Deputy CEO Corporate Services, based on individual employment agreement and passed from the direct coordination of the Board of Directors to the direct coordination of the CEO of SNN. Also, two positions were created, i.e., Deputy Chief Business and Development Officer and Deputy Chief Operations Office, both to be occupied based on an individual employment agreement, directly reporting to the SNN's Chief Executive Officer.

The three positions of Deputy CEO are intended at rendering the SNN activities and processes of SNN more efficient, given the complexity and length in time of the investment projects, diversification of the human resources strategy, the procurement processes and the effective performance the stages of the investment projects. Effective 1 February 2022, the three positions are occupied in accordance with the legal provisions and the Collective Employment Agreement applicable within the company, by SNN staff. The position of Chief Corporate Services Officer is held by Mrs. Laura Constantin, previously the Director of the Legal Department of SNN and involves the coordination of procurement, legal, human resources, communication and compliance processes. The position of Deputy Chief Business and Development Officer is held by Mrs. Melania Amuza, previously the Director of the Investment Directorate of SNN and involves the coordination of investment processes, electricity transactions and mining licenses, and the position of Deputy Chief Operations Officer is held by Mr. Romeo Urjan, previously the Director of the Operations Directorate and involves the coordination of operation activities, production, independent assessment of nuclear safety, fuel, security, management systems and process analysis.

Effective 1 September 2022, the position of Deputy Chief Operations Officer was held by Mr. Marian Serban, under an Individual Employment Agreement according to the organizational structure of SNN, as approved by Decision of the Board of Directors, and under the direct coordination of the CEO of SNN. Mr. Romeo Urjan held this position until 1 September 2022.

Persons sitting in the Executive management

First name and last name	Position	Start date	End date
Cosmin Ghita	CEO Mandate of 4 years.	Appointment for a 4-year office, effective 11 February 2019.	11.02.2023
		Appointment for a 4-year office, effective 12 February 2023.	12.02.2027

First name and last name	Position	Start date	End date
Dan Laurentiu Tudor	Deputy CEO Mandate of 4 years.	Appointment for a 4-year office, effective 11 February 2019.	11.02.2023
		Termination of mandate contract according to Article 13.1(f) of the contract	01.02.2022
Paul Ichim	Chief Financial Officer	Temporary appointment to office effective 31 March 2020	01.08.2020
		Appointment to a 4-year office, effective 1 August 2020	01.08.2024
		Surrender of mandate contract	11.02.2022
Dan Niculaie-Faranga	Finance Director	Temporary appointment to a 4-month office, effective 11 February 2022	11.06.2022
		Renewal of mandate contract by 2 months, effective 11 June 2022	11.08.2022
		Temporary appointment to a 4-month office, 12 August 2022	12.12.2022
		Renewal of temporary office by 2 months, 13 December 2022	13.02.2023
Valentin Nae	Cernavodă NPP Branch Manager	19.10.2020 (appointment as Cernavodă NPP Branch Manager after competition)	N/A

First name and last name	Position	Start date	End date
Sorin Popescu	NFP Pitești Branch Manager (employment agreement)	17.10.2019 (appointment by delegation of a 6-month period)	17.04.2020
		17.04.2020 (renewal of delegation by 3 months)	17.07.2020
		18.07.2020 (appointment as NFP Pitești Branch Manager after competition)	N/A
Laura Constantin	Deputy CEO Corporate Services	01.02.2022	N/A
Melania Amuza	Deputy CEO Business and Development Affairs	01.02.2022	N/A
Romeo Urjan	Deputy CEO Operations	01.02.2022	01.09.2022
Marian Serban	Deputy CEO Operations	01.09.2022	N/A

The Company is not aware of any agreement, understanding or family ties between a member of the executive management and another person, because of which the said person was appointed member of the executive management.

As at 31 December 2022, the members of the executive management do not hold any shares in SNN.

On the date of this Report, the Company is not aware of the existence of any disputes or administrative proceedings against the members of the Board of Directors and/or of the executive management in connection with their activity in SNN or which concern the capacity of the person concerned to carry out their duties in the issuer's organization.

10.4. ADVISORY COMMITTEES

According to the Articles of Incorporation of the Company and in accordance with Government Emergency Ordinance no. 109/2011, the Board of Directors of SNN established 4 advisory committees, formed by at least 2 members of the Board of Directors.

Nomination and Remuneration Advisory Committee

The Committee was established in accordance with Article 34 of the Government Emergency Ordinance no. 109/2011, under Resolution no. 7 of the Board of Directors of 26 April 2013.

Audit Advisory Committee

The Committee was established in accordance with Article 34 of the Government Emergency Ordinance no. 109/2011, under Resolution no. 8 of the Board of Directors of 30 April 2013.

Nuclear Safety Advisory Committee

This Committee was established in accordance with Article 34 of the Government Emergency Ordinance no. 109/2011, under Resolution no. 27 of the Board of Directors of 26 August 2013.

Advisory Committee for Strategy, Development and Large Investment Projects

This Committee was established in accordance with Article 34 of the Government Emergency Ordinance no. 109/2011, under Resolution no. 27 of the Board of Directors of 26 August 2013.

The Advisory Committees are tasked with performance of analyses and making recommendations for the Board of Directors, in specific fields, and are under obligation to regularly submit activity reports to the members of the Board of Directors.

The key responsibilities of the Advisory Committees are provided in their respective Organization and Functioning Regulations approved by the Board of Directors, and are available on the SNN website.

Each Advisory Committee has been appointed a secretary and a chairman.

The chairmen of the Advisory Committees are the following directors:

Nomination and Remuneration Advisory Committee	Teodor Chirica
Audit Advisory Committee	Remus Vulpescu
Nuclear Safety Advisory Committee	Teodor Chirica
Advisory Committee for Strategy, Development and Large Investment Projects	Elena Popescu

Audit Advisory Committee

The role of the Audit Advisory Committee is to provide assistance to the Board of Directors in carrying out its internal audit duties, and performs an advisory function concerning the Company's strategy and policy on internal control system, internal audit and external audit, assessment of conflicts of interests, and risk management system control.

From a functional point of view, the Audit Advisory Committee reports directly to the Board of Directors. In SNN, there is an Internal Audit Department responsible for managing the internal audit activity at corporate level, which functionally reports to the Board of Directors, and administratively reports to the CEO.

The main duties of the Audit Advisory Committee include analysis, monitoring, supervision and facilitation functions, as follows:

- ❖ Clearance of the multi-year internal audit plan and of the regulatory documents prepared by the Internal Audit Department;
- ❖ Regular examination the effectiveness of the internal control and the risk management system;
- ❖ Monitoring application of the legal standards and internal audit standards, and maintaining the authority, independence and impartiality of internal auditors;
- ❖ Monitoring the Company's compliance with the provisions of the legal framework, the Articles of Incorporation and applicable internal regulatory documents;
- ❖ Review and approval of the activity reports of the Internal Audit Department, and the transactions with related parties;
- ❖ Monitoring the accuracy and reliability of the financial information supplied to the Company's management and external users;
- ❖ Supervision of the work of internal auditors and financial auditors;
- ❖ Approval or proposals for approval made to the supervisory bodies or shareholders regarding appointment, remuneration and revocation of the financial auditor;
- ❖ Making sure that the governing bodies take the necessary remedial measures to address the identified deficiencies;
- ❖ Preparation and submission of reports at the request to the Board of Directors.

In 2022, the Audit Advisory Committee met in 4 meetings and made recommendations to the Board of Directors of SNN on topics that fall under the scope of their duties, as follows:

- ❖ 2021 Report on the Internal Audit Work;
- ❖ Annual Financial Management Control Plan;
- ❖ Annual Assessment Report on the Management Internal Control System;
- ❖ Annual and Multi-Annual Internal Audit Plan;
- ❖ Annual Compliance Plan;
- ❖ Quarterly Report on Risk Management;
- ❖ 2021 Separate and Consolidated Annual Financial Statements, prepared in accordance with the International Financial Reporting Standards (IFRS - EU), based on the reports of the independent auditor and the annual report of directors for 2021;
- ❖ Half-Yearly Governance Report, prepared in accordance with the legal provisions;

As to management of conflicts of interest, each member of the Board of Directors makes sure they avoid of any direct or indirect conflict of interest with the Company, and should such a conflict occur, they will abstain from the debates and casting their vote on the that matters, in accordance with the legal provisions in force.

In order to ensure the propriety of the transactions with the related parties, the members of the Board of Directors apply including the following criteria, but not only these:

- ❖ Maintaining the powers of the Board of Directors or GMS, as the case may be, to approve the most important transactions (according to the Appendix to the Articles of Incorporation concerning the limits of powers);

- ❖ Asking for a prior opinion on the most important transactions from the internal control structures;
- ❖ Entrusting the negotiations on these transactions to one or more independent directors, or to directors not related to the parties involved;
- ❖ Seeking the opinion of independent experts.

The transactions concluded in 2022 with the affiliated parties and reported to the Romanian stock market authorities and the SNN shareholders, based on the provisions of Law no. 24/2017, did not raise any issues related to conflicts of interest involving the directors and executives of SNN.

The internal audit planning is carried out further to an extensive risk assessment process (e.g.: talks with heads of departments, results of the activities of the other monitoring departments, reports of control bodies external to the Company, results of previous audit reports). The Audit Advisory Committee assessed the internal control system applying a questionnaire intended to assess the implementation progress of the management internal control standards and found that the management internal control activity complied with the standards laid down in Order no. 600/2018.

More information about the internal audit activity can be found in Sub-Chapter *10.6.5. Audit and Risk Management Directorate*.

Nuclear Safety Advisory Committee

The Nuclear Safety Committee provides the Board of Directors with assistance and/or independent assessment in the field of nuclear safety and environmental protection, and makes written recommendations in this regard.

The main duties of the Nuclear Safety Advisory Committee are provision of advice/assessment, in areas such as:

- ❖ The strategic nuclear safety options of the Company, taking into account the current situation and the regulatory framework applicable to the operating activities of Cernavodă NPP;
- ❖ The conclusions drawn from the review of design studies and their impact on systems, structures and components with critical nuclear safety functions;
- ❖ The fundamental nuclear safety and radiation protection decisions made in the Company and its two branches;
- ❖ The framework and main criteria to be adopted for nuclear safety and for the quality management and assurance system;
- ❖ The conclusions of the impact studies concerning all types of environmental emissions;
- ❖ The nuclear safety, public health and environmental protection criteria applied in relations with sub-contractors and suppliers;
- ❖ The development and implementation of nuclear safety culture training programmes for the Company's staff;

- ❖ The general policy and regulations concerning the staff and the competence requirements in the operation of the Company's assets;
- ❖ Inspection of structures and components with critical safety function;
- ❖ Independent control processes on nuclear safety and radiation protection issues, related to the specific activities of the Company;
- ❖ The permitting and licensing process;
- ❖ Reviews of reports on the operational events/incidents with a potential impact on nuclear safety or staff radiation protection;
- ❖ Review of any report on nuclear safety prepared in the Company;
- ❖ Any matter on which the Board of Directors deems necessary to consult the Nuclear Safety Advisory Committee.

The Nuclear Safety Advisory Committee met 4 times in 2022, in the months of February, May, August and November.

Advisory Committee for Strategy, Development and Large Investment Projects

The membership of the Advisory Committee for Strategy, Development and Large Investment Projects (ACSDLIP) is as follows: Mrs. Elena Popescu, as Chairwoman, and Messrs. Teodor Chirica and Cosmin Ghita, as members.

According to its own regulations, the Committee for Strategy, Development and Large Investment Projects conducts analyses and issues recommendations for the Board of Directors of SNN on:

- ❖ The global development, retrofitting, upgrading, and economic and financial restructuring strategy of the Company, as well as the main development directions, the strategic objectives of the Company and the ways of attaining them.
- ❖ Approval and implementation by the Board of Directors of large investment projects (projects the estimated amount of which exceeds EUR 5 million), further to a review of the specific documentation.

In 2022, the work of the Advisory Committee for Strategy, Development and Large Investment Projects concerned mainly:

- ❖ Making a recommendation to the SNN's Board of Directors about continuation of the Project for Units 3 and 4 of Cernavodă NPP, and adoption of the Preliminary Investment Decision and entering Phase 2 – Preliminary Works, conditional upon approval and conclusion of the Support Agreement between the Romanian State and SNN in relation to the Project for Units 3 and 4 of Cernavodă NPP, and initiation of the steps to award and conclude the contract needed to complete the Project, subject to the limits of powers provided in the articles of incorporation of SNN and EN, and without exceeding the amount of EUR 185 million, as approved under the OGMS Resolution no. 6/10.08.2022.
- ❖ Making a recommendation to the SNN's Board of Directors on the clearance of SNN financing EnergoNuclear S.A., by SNN increasing the share capital of EN in cash and/or granting related loans by SNN, with a total amount of EUR 185 million, adjusted to the

Project development requirements and necessary for the implementation of Phase II of the Project of Units 3 and 4 within Cernavodă NPP, depending on the approval and conclusion of the Support Agreement between the Romanian State and SNN in relation to the Project of Units 3 and 4 within Cernavodă NPP, as approved under the EGMS Resolution no. 7/10.08.2022

- ❖ Making a recommendation to the Board of Directors of SNN on the clearance of the Implementation Strategy of the NuScale Small Modular Reactors (SMR) Project on Doicești site, and of the Investors' Agreement in connection with establishment of a new legal entity, organized as a joint-stock company for development of the NuScale Small Modular Reactors (SMR) Project on Doicești site, as approved under the OGMS Resolution no. 8/22.09.2022 and the EGMS Resolution no. 9/22/09/2022.

Having reviewed the work of the Committee for Strategy, Development and Large Investment Projects, we believe that it allowed the outlining/crystallization of a consistent and structured approach to the strategic directions of development of SNN.

10.5. RIGHTS OF SHAREHOLDERS

All holders of financial instruments issued by SNN of the same type and class of securities benefit from equal treatment, and the Company constantly makes sustained efforts to produce an effective, active and transparent communication so as to allow the exercise of rights in a fair manner.

All holders of SNN shares are treated fairly. All shares issued entitle their respective holders to equal rights; any change in the rights granted by them will be subject to approval of the holders directly affected, in special meetings of such holders.

SNN makes every effort to facilitate the participation of shareholders in the work of the General Meetings of Shareholders, the dialogue between shareholders and the members of the Board of Directors and/or the management, as well as the full exercise of their rights. Participation of shareholders in the work of the General Meetings of Shareholders is fully encouraged, and the shareholders who cannot take part the meetings are given the possibility of voting *in absentia*, based on a special power of attorney, by postal vote or by special or general power of attorney.

The Company has created a special section, called "Investor Relations", on its own website, where the relevant information about procedures on the access to, and participation in, the General Meeting of Shareholders, the convening of the GMS, the supplements to the GMS agenda, the answers of the Board of Directors to the questions asked by shareholders, the current reports, the financial statements of the Company, the exercise of voting rights in the GMS, the materials on the GMS agenda, the special power of attorney templates, the financial timetable, the corporate governance, etc. of the Company, are permanently updated and accessible, thus contributing to a transparent and fair information of all interested parties.

SNN has also set up a specialized organizational structure for the management of the capital market activity, i.e., the Department for Communication and Investor Relations, which will address specifically the relationship with investors and shareholders. The staff of the department is permanently trained/occupationally educated on the matters that concern the Company's relationship with its shareholders, the principles of corporate governance and management, and the relationship with customers.

The key rights of shareholders in respect to the General Meeting of Shareholders are:

(a) Right to a minimum notice period

The Company's shareholders are informed about a future meeting of shareholders via the call/convening notice published in the Official Gazette of Romania and in a national newspaper at least 30 days before the meeting's date; also, the convening is published on the Company's website, under the "Investor Relations" section, and is sent also to the Financial Supervision Authority and the Bucharest Stock Exchange in the form of a current report.

(b) Right of access to information

SNN publishes the required documents and information on its website to ensure that all its shareholders make an informed exercise of their rights.

(c) Right to supplement the meeting's agenda

SNN shareholders who individually or together with other shareholders represent at least 5% of the share capital may ask that additional items are added to the agenda, subject to, and in accordance with, the provisions of the applicable legislation.

(d) Right to participate in the meeting

The shareholders who, on the reference date, are entered in the list of SNN shareholders received from the Central Depository have the right to participate, in person or through a proxy, in the General Meetings of the Company's Shareholders.

(e) Voting rights

The Company's share capital is represented by ordinary shares that entitle to one voting right for each share entered in the shareholder's name on the reference date.

(f) Right to ask questions

Any Company shareholder can ask written questions about the items on the agenda of the General Meeting of Shareholders and has the right to receive answers from SNN.

Shareholders have the right to effectively participate and vote in the GSM, as well as to be informed about the rules, including the voting procedures, that govern the GSM. Each share entitles to one voting right and one dividend. There are no preferential shares without voting rights or shares that entitle their respective holders to more than one vote.

10.6. TRANSPARENCY, FINANCIAL REPORTING, INTERNAL CONTROL AND RISK MANAGEMENT

10.6.1. MANAGEMENT INTERNAL CONTROL

Internal/management control organization

Due to the diversity of the activities carried out (production of nuclear fuel, generation of electricity and heat from operation of the nuclear units, sale of energy, public procurement, stock exchange activity, etc.), as well as to the expansion of the scope of business further to rendering the subsidiaries operational, S.N. Nuclearelectrica S.A. has one of the most complex internal control environments, with an organizational culture focused on excellence, which aims to ensure supervision in the entity and across the SNN Group, in all essential respects.

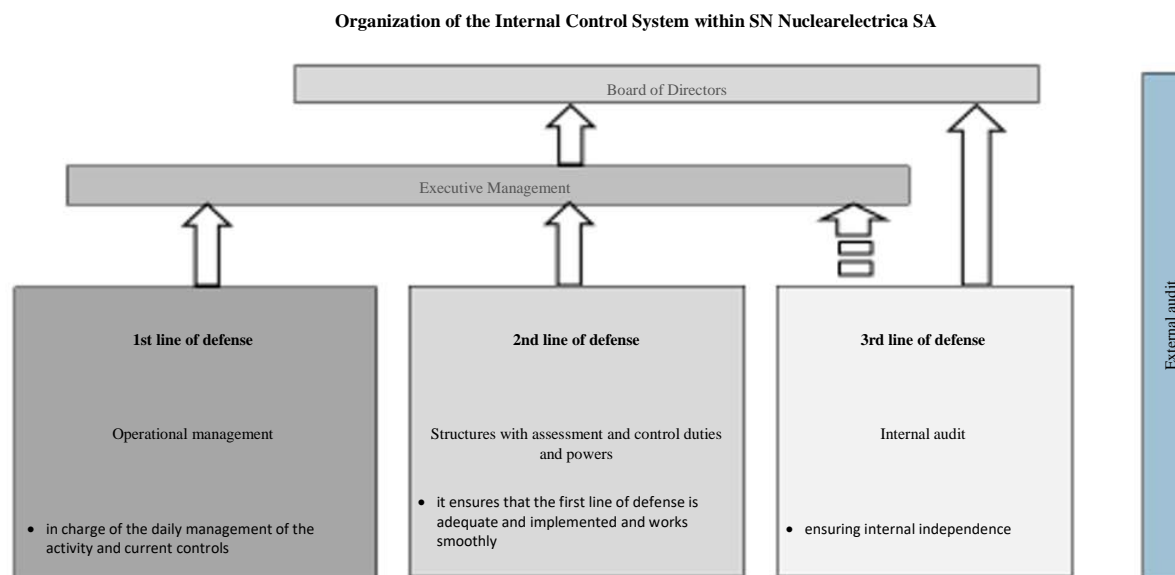
The management of S.N. Nuclearelectrica S.A. is directly involved in implementation and continuous improvement of the management internal control system (MICS-MC), ensuring the organizational framework and allocating resources for the MICS-MC development, and for assimilation of the good international practices of the industry, as a foundation for a systemic and transparent administration of the organization and the basis for attainment of the objectives under of regularity, effectiveness, economy and efficiency conditions.

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

Thus, in SNN and across the Group, implementation and application of the internal control standards aim to ensure the corporate governance principles, as well as genuine bases for improving economic efficiency and, implicitly, the value of the company and the investment climate and increasing the level of transparency and trust, for the benefit of all interested parties, shareholders, business partners and employees.

In S.N. “Nuclearelectrica” S.A., the internal/management control system is organized and adjusted to the particulars and size of the Company, considering the specifics of the organization and functioning legal framework, as well as the management internal control system, linked with the management systems put in place in SNN (Headquarters and branches), so as to ensure observance of all applicable legal requirements, rules and standards (the Order of the Secretariat General of the Government (OSGG) no. 600/2018, Law no. 111/1996, NCNAC Rules etc.).

According to the best international practices and in line with the principles advanced by the Secretariat General of the Government under OSGG no. 600/2018, SNN has implemented and developed the "3 lines of defence" model:



Where:

- the first line is represented by the operational management, in charge of the daily management of the activity and current controls;
- the second line of defence is represented by the structures that have assessment and control duties and powers, to ensure that the first line of defence is adequate and implemented and works smoothly. These Departments have a certain degree of independence from the first line of defence, and can also intervene directly to make changes to, and develop the control, management and risk management systems;
- the third line of defence, i.e., assurance of internal independence and internal audit, must provide the Board of Directors/Audit Committee and the Executive Management with an independent and objective assurance as to the functioning of the internal control and risk management system of the Company.

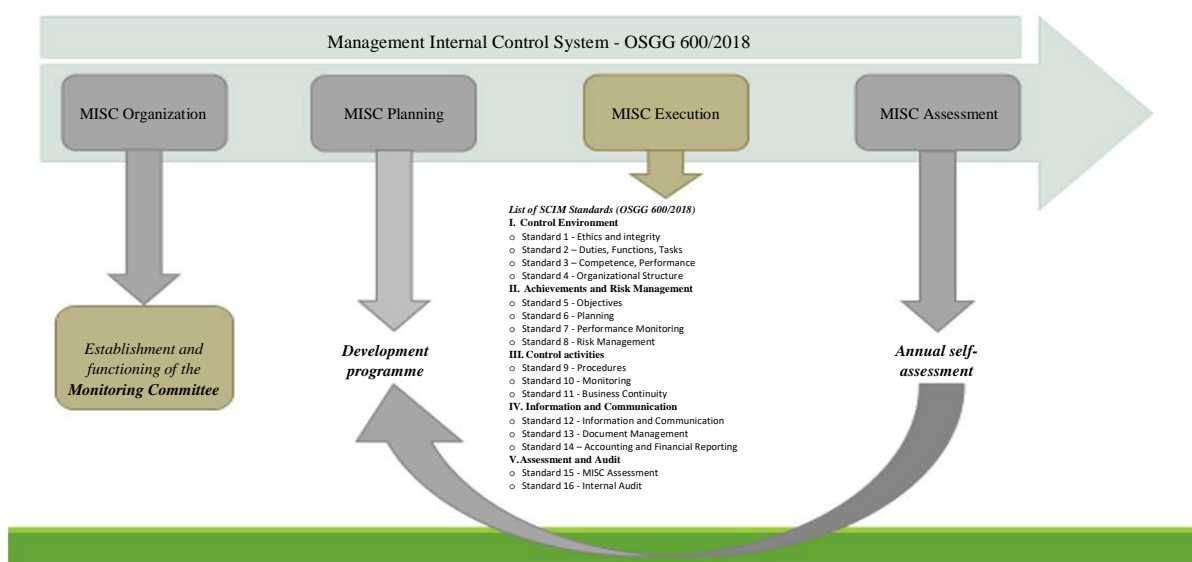
Therefore, S.N. Nuclearelectrica S.A. ensures compliance with the requirements of the standards advanced by the Secretariat General of the Government, i.e., with the Order no. 600/2018 which provides that establishment of the management internal control system is the responsibility of management, and that implementation and development of the management internal control system, its self-assessment, as well as preparation/presentation of the report on the management internal control system are performance indicators for the entity's manager.

In accordance with the Order of the Secretariat General of the Government no. 600/2018 approving the Management Internal Control Code for Public Entities, in S.N. Nuclearelectrica S.A., the management internal control system operates with a diversity of procedures, means,

actions and orders which concern all the aspects related to the entity's business. This set of elements is determined and implemented by the Company's management in order to allow it to have a good control over the functioning of the entity as a whole, and represents the management control instrument formed of the following elements: objectives, means, information system, organization, procedures, and control.

Relying on the information supplied by the internal management control, the Company's management strengthens the management decisions as to the business plan, organization and coordination of the structures featured in the organizational chart of the Company, and exact determination of the responsibilities of the structures and people involved in the entity's activities.

The management internal control, through its objectives and procedures, aims to: ensure a good use of (financial and human) resources and their correlation with the entity's objectives; improve the information flow; increase understanding; manage risks; prevent fraud; and detect and document quality.



Establishment of the management internal control system is based on the internal control standards, which are grouped into five components of the management internal control:

- Control environment - groups problems related to organization, human resources management, ethics, deontology and integrity;
- Performance and risk management - refers to management matters related to objective setting, planning (multiannual planning), programming (management plan), performance (monitoring performance) and risk management;
- Controls - refers to procedure development, continuity of the processes and activities, segregation of duties, and supervision;
- Information and communication - this section groups the matters related to creation of an adequate information system and a system of reports about execution of the management plan, the budget, the use of resources, as well as the management of documents;

- Assessment of the management internal control system and internal audit - the matters addressed by this group of standards cover development of the capacity to assess the management internal control with a view to ensuring its process improvement continuity.

In order to monitor, coordinate and methodologically guide implementation and development of the internal/management control system, the CEO of S.N. Nuclearelectrica S.A. ordered by decision the updating of the Monitoring Committee (MICS-MC), in accordance with the organizational changes, so that its sizing and membership ensure representativeness for all entities found in the organization and cover the specific management powers, provision of information and monitoring of the Company's activities towards the attainment of its objectives.

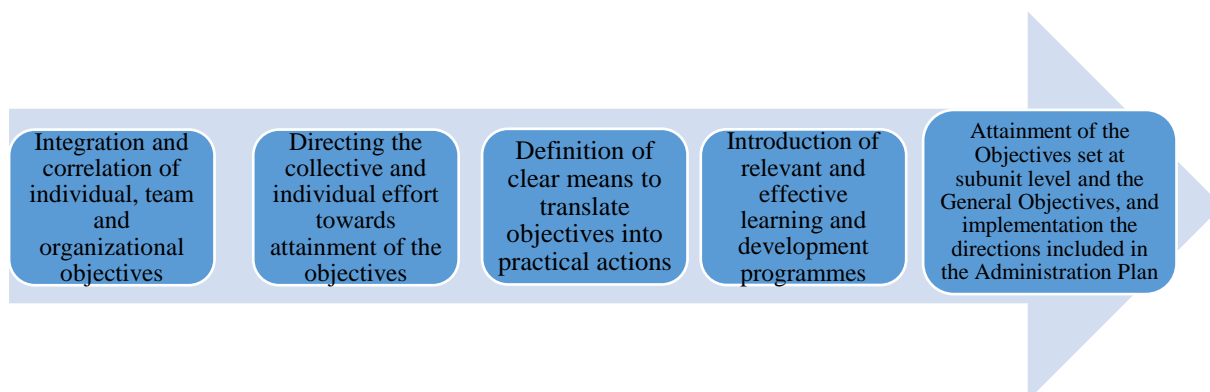
In order to monitor, coordinate and methodologically guide implementation and development of the management internal control system, the CEO of S.N. Nuclearelectrica S.A. orders by decision the updating, in accordance with the organizational changes, of the Monitoring Committee that coordinates the setting of general and specific objectives, the procedural activities, the risk management process, the performance monitoring system, the status of the procedures and of the monitoring and reporting system, and provision of information to the management of the Company.

Thus, the Management Internal Control System Monitoring Committee is functional, and works under the coordination of the CEO of S.N. Nuclearelectrica S.A., as its chairman, having the following duties and powers:

i. Objectives

- To coordinate the updating of the general and specific objectives, the performance monitoring and reporting system, and the provision of information to the CEO.
- To review the information provided, based on the annual reports of the heads of departments, about performance monitoring, with a view to its approval by the CEO of S.N. Nuclearelectrica S.A., as Chairman of the Monitoring Committee.

Implementation of the objective cascading system is based on the following principles:



Attainment of the general objectives is only possible with convergent and synchronized participation of the entire organization. Organizational alignment of all the components of the organizational structure takes place by defining, for each of them, the same set of tools intended to support translation of the instructions contained in the Administration Plan into the operational terms: setting the general objectives by making and presenting a summary of the directions contained in the Administration Plan, considering both the administration

component and the management component, the cascading of objectives down to subunit level (Headquarters, Cernavodă NPP Branch and NFP Pitești Branch) and their breakdown into specific departmental objectives, including determination of means required to attain the performance targets and indicators.

In S.N. Nuclearelectrica S.A., the general objectives are closely correlated with the Company's mission, vision and goals, based on assumptions and premises aligned to the provisions of the Articles of Incorporation and in observance of the principles of economy, efficiency and effectiveness.

The objectives of the Headquarters of Bucharest, the NPP Branch of Cernavodă and the NFP Branch of Pitești are defined considering the assumptions featured in the administration plan, by detailing and cascading the general objectives down to the level of each subunit of the organizational structure.

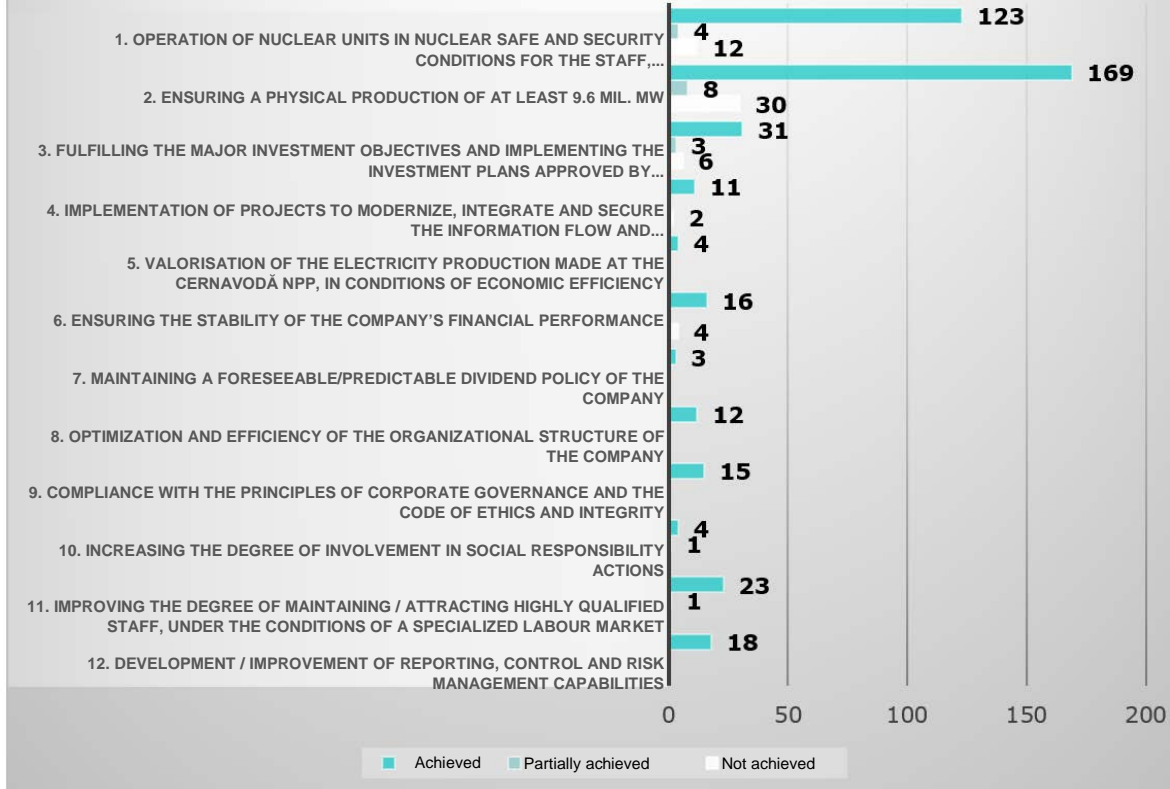
The Internal/Management Control System Monitoring Committee (MICS-MC), by its duties and powers to steer objective setting and updating and the performance monitoring and reporting system, and to advise the CEO, reviews the objective monitoring reports against the corporate performance indicators, relying on the communications received from the first-tier management head of departments, in accordance with internal regulations and the legal requirements laid down under Standard 5 - Objectives and Standard no. 7 - Performance Monitoring of OSGG no. 600/2018.

Thus, for the year 2022, the summary dashboard of the Company looks as follows:

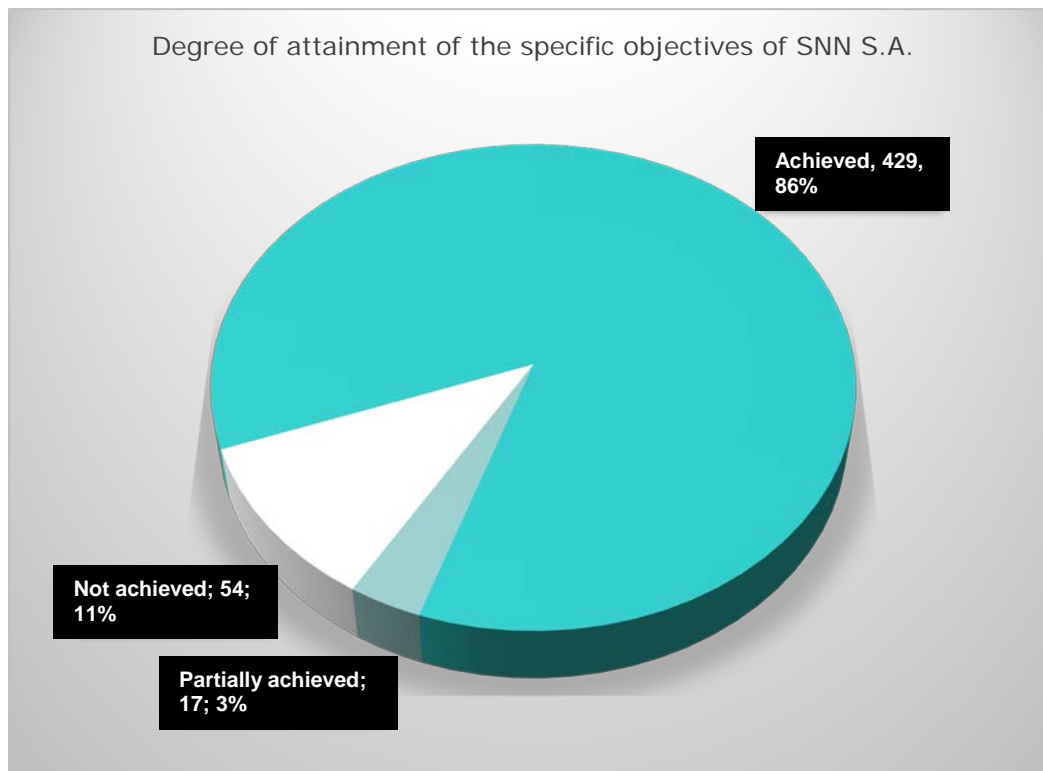
Objectives of S.N. Nuclearelectrica S.A. 2022 - overview



Degree of attainment of the general objectives depending on the specific objectives of SNN S.A.

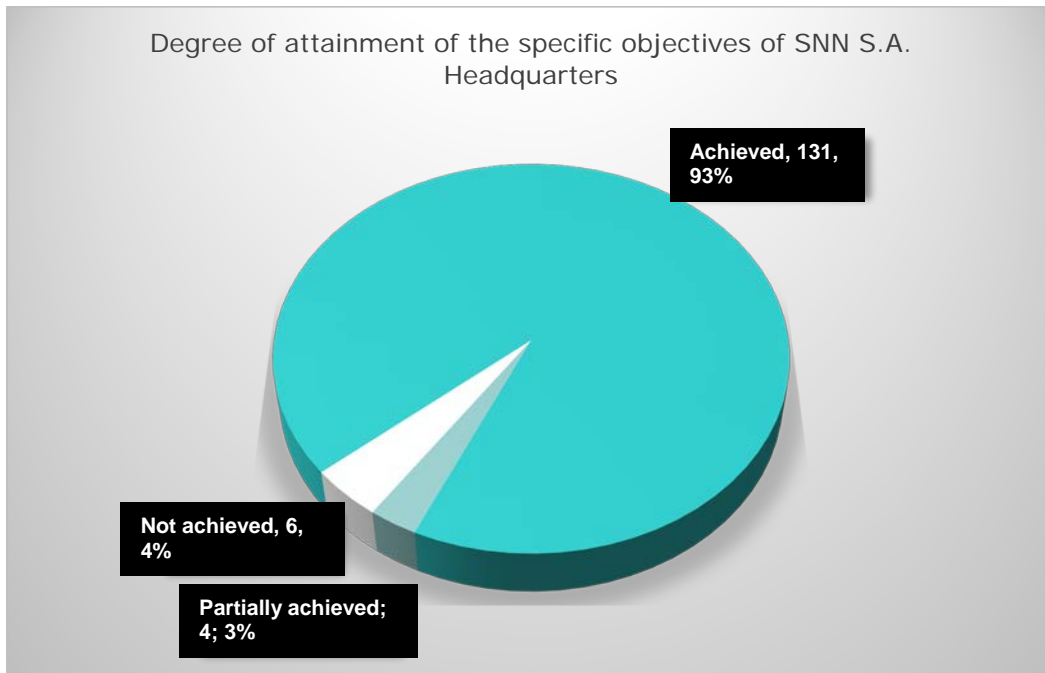


In 2022, the degree of attainment of the specific objectives in the Company is:

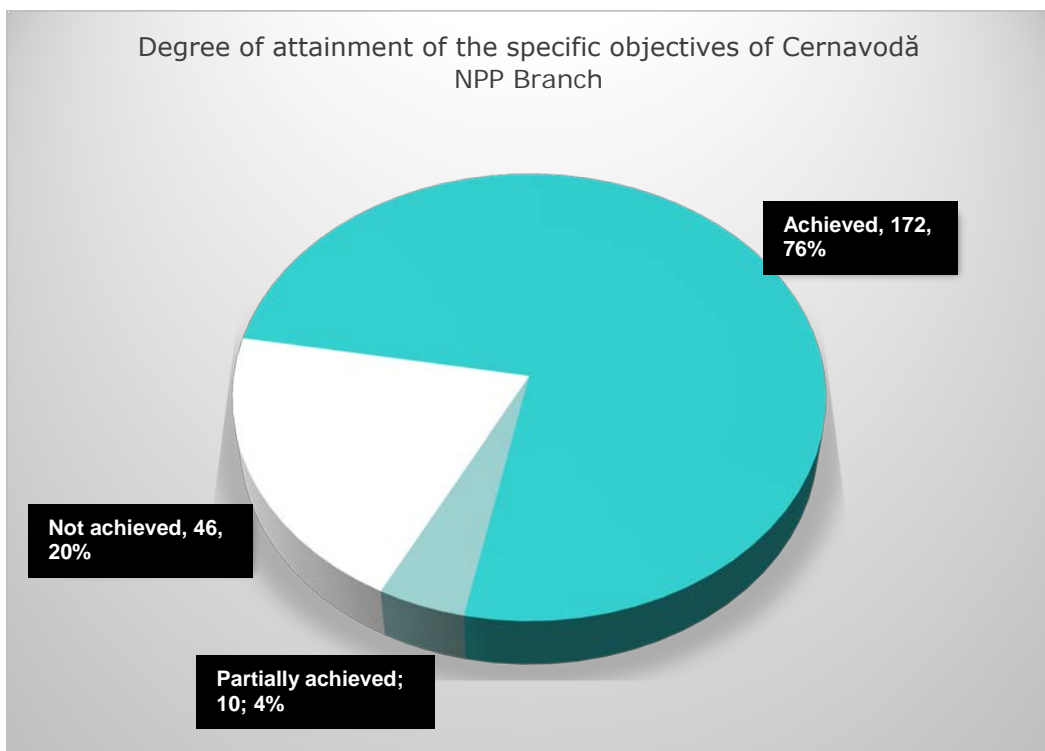


By subunits, attainment of the specific objectives is as follows:

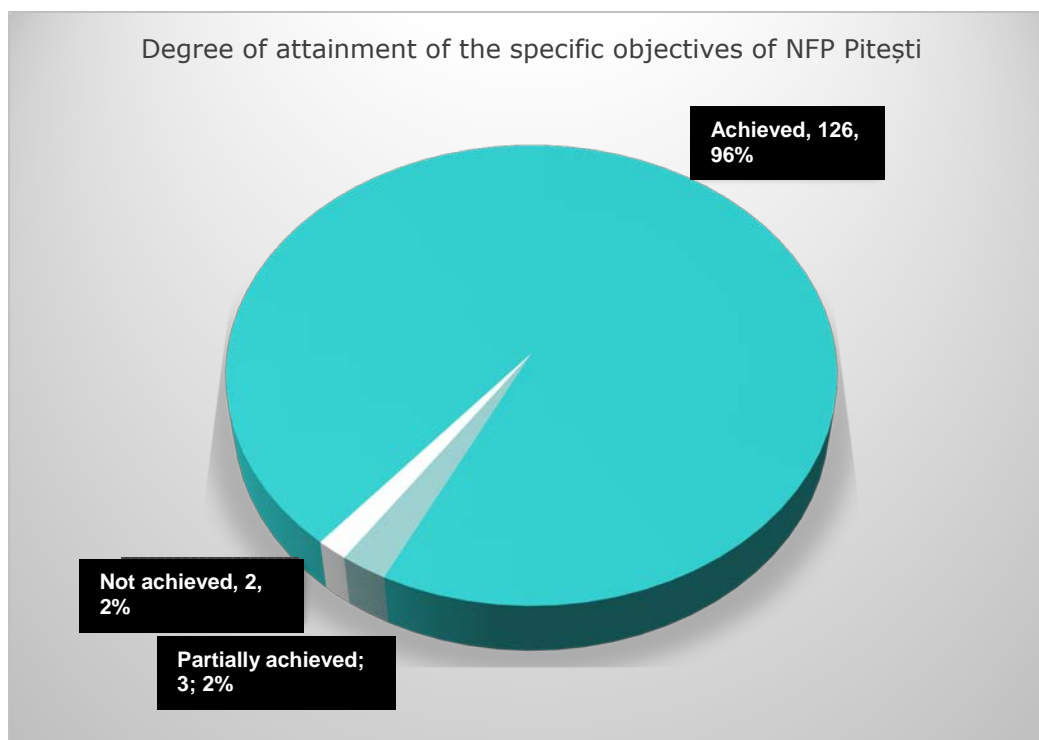
a) SNN Headquarters



b) Cernavodă NPP Branch



c) NFP Pitești Branch



Procedures

- Coordinates the updating of the procedural activities and the status of the procedures.
- Coordinates the development of documented procedures in order to attain the Company's objectives under regularity, economy, efficiency and effectiveness conditions.

Management internal control system's implementation, development and assessment

- Devises the Development programme of the management internal control system, called the Development Programme, which is updated annually.
- Makes findings about the progress achieved in implementation of the management internal control system in the Company;
- The status of implementation and development of management internal control systems in public entities, as found by the Monitoring Committee further to the annual self-assessment, is reported for information in the form of annual spreadsheets, according to the template Spreadsheet on implementation and development of the management internal control system and in observance of the statutory time-limits.

Annual assessment of the management internal control system

In order to determine the degree of implementation of the internal control standards as at 31 December 2022, an annual self-assessment was carried out, which included the following actions:

- A debate on the initiation of the self-assessment of the degree of implementation of the internal/management control standards in the work meeting, followed by definition of timetable of the action, based on the information prepared and provided by the Technical Secretariat of the Financial and Management Control Department.

- Introduction of self-assessment and assessment of the degree of implementation of the internal/management control standards by decision of the CEO of S.N. Nuclearelectrica S.A.
- The Management Internal Control System Monitoring Committee cleared the documentation and the results of the annual self-assessment of the implementation of the internal/management control standards in the SNN, namely:
 - Spreadsheet on the implementation and development of the internal/management control system as at 31 December 2022;
 - Status of implementing the internal/management control system, according to the self-assessment results as at 31 December 2022;
 - Report on the internal/management control system as at 31 December 2022, including a “Summary report on the self-assessment results”;
 - The 2023 management internal control system’s Development Programme.

The self-assessment concluded that S.N. Nuclearelectrica S.A. has in place an internal/management control system the design and application of which allow the management and, as the case may be, the Board of Directors to provide reasonable assurance that the resources allocated for attainment of the general and specific objectives were used lawfully, compliantly, effectively, efficiently and economically.

Thus, under the *“Report on the management internal control system as at 31 December 2022”*, prepared under Article 4(3) of the Government Ordinance no. 119/1999 on the internal/management control and preventive financial control (republished), as subsequently amended and supplemented, and in accordance with the Instructions enclosed to Order no. 600/2018, the CEO of SNN declares that the self-assessment result *“is based on a realistic, accurate, complete and reliable assessment of the internal/management control system, and relied on the self-assessment underpinned by the principle of truth and management's accountability. The internal/management control system includes controls, and the application of measures aimed at increasing its effectiveness is based on risk assessment.”*

As to the characteristics of the internal/management control system specific to the organization, the annual report on the management internal control system as at 31 December 2022 contained the following findings:

- the Management Internal Control System Monitoring Committee is functional.

The Management Internal Control System Monitoring Committee (MICS-MC) is up-to-date and functional, and operate in keeping with the Procedure CM-00-01 - “Regulation for Organization and Functioning of the Committee Monitoring Implementation and Development of the Management Internal Control System”. In 2022, in accordance with the organizational changes, a number of decisions were issued by the CEO of S.N. Nuclearelectrica S.A. to appoint the members of the Management Internal Control System Monitoring Committee (MICS-MC).

- The management internal control system development programme is partially implemented and updated annually and whenever necessary.

In 2022, the management internal control system development programme was implemented 91%, as follows: out of the total of 50 actions, 42 were implemented, 2 actions are partially implemented, 2 actions are not implemented, and 4 actions are being implemented, being carried over to the 2023 Management Internal Control System Development Programme.

- The risk management process is organized and monitored.

As at 31 December 2022, the number of risks identified in SNN S.A., using the analyses and assessments carried out based on the self-assessments of the risk register prepared by the risk owners, the decisions of the branches' risk committees, the investigations performed and conclusions drawn in 2022, it is 425 compared to 356 risks identified on 31 December 2021. The MISC-MC also proceeds to annually determining risk profile and the risk appetite, as approved by the management of the Company.

In carrying out its duties, the Management Internal Control System Monitoring Committee reviews performance of the risk management process based on the Risk Management Reports issued by the Risk Management Service and ranks the significant risks that could affect attainment of the objectives.

The monitoring committee reviews and approves, every year, the risk profile profiles and the risk appetite limit, based on the SMR's proposals concerning them, after which these are approved by the Company's management. The Committee also reviews the "Implementing Action Plan for treatment of high risks" in order to submit it for approval by the CEO.

- Documented *procedures* are prepared, and the inventorying of activities that can be subject to procedures and the updating of procedures are permanent and continuous processes in which every functional structure of SNN is involved.

In SNN, the activities carried out were inventoried, resulting in a number of 1,020 activities. Of these, 959 activities were qualified as subject to procedures, accounting for 94% of the total. For the activities qualified as subject to procedures, 2,252 formal procedures were devised.

- *The performance monitoring system* is put in place and assessed against the entity's objectives and activities, by means of performance indicators.

In 2022, in accordance with procedure CM-00-03 - "Setting and monitoring of objectives in SNN S.A.", building on the general objectives of the Company, the objectives of the SNN's subunits were updated and cascaded into specific (departmental) objectives, with related indicators and targets, in order to ensure a monitoring and reporting system for the status of attainment of the general and specific objectives by means of performance indicators (KPI).

Thus, based on the self-assessment results, on 31 December 2022, the internal/management control system of S.N. Nuclearelectrica S.A. complies with the standards included in the Internal/Management Control Code, and all 16 control standards are implemented.

10.6.2. TRANSPARENCY AND FINANCIAL REPORTING

Transparency

Being a company admitted to trading, SNN constantly acts in accordance with the disclosure requirements regulated under the capital market rules, by issuing regular and continuous reports on important events concerning the Company, including, but not limited to, its financial standing, performance, ownership and management. The Company will prepare and disseminate such relevant regular and continuous information, in accordance with the International Financial Reporting Standards (IFRS). Information is disseminated in both Romanian and in English. The Company organizes, at least five times a year, meetings or teleconferences with financial analysts, brokers, market specialists and investors, when it disseminates its annual and/or semi-annual financial statements, which are pieces of material relevant for the investment decision or the specific interest of the capital market participants (teleconferences and face-to-face meetings). The goal is to ensure total transparency through communication in accordance with the legislation in force and proactively, in order to provide the highly-accurate and timely information needed to maintain and develop a relationship based on mutual trust.

In order to render provision of information more efficient and accessible for investors, SNN has created a special section (Investor Relation) on its website (www.nuclearelectrica.ro), where any investor can easily access information about: (i) the Company's strategy, (ii) news, information and events, (iii) corporate governance, (iv) shareholders' rights, (v) reports (vi) payment of dividends, (vii) financial statements, etc. Moreover, SNN has defined strict internal rules and procedures and has a department that deals specifically with the investor relations. Thus, the Company devises and puts in place an efficient and transparent policy for its relationship with investors.

In 2022, SNN issued 151 current reports, of which some concern its compliance with legal requirements and the rest cover events liable to impact the price of the shares since SNN considers that a proactive and open approach towards shareholders and investors is the optimal.

Financial reporting

As a company admitted to trading on the BSE, as well as a company with majority State capital, SNN complies with its reporting obligations under the provisions of Law no. 24/2017 on issuers of financial instruments and market operations, republished on 10 August 2021, the provisions of the FSA Regulation no. 5/2018 on issuers of financial instruments and market operations, as well as the provisions of the Government Emergency Ordinance no. 109/2011

on the corporate governance of public enterprises, as subsequently amended and supplemented.

The reporting of the financial statements is carried out in accordance with the financial calendar prepared and approved by SNN for each financial year and in observance of the time-limits below:

- in not more than 120 days of the end of the reporting period, the Annual Report prepared in accordance with the relevant regulations issued by the Financial Supervisory Authority (FSA), including all the documents listed in the FSA regulations;
- in not more than 45 days of the end of the reporting period, the Semi-Annual Report prepared in accordance with the relevant regulations issued by the FSA, and the semi-annual financial statements prepared in accordance with the legislation in force;
- in not more than 45 days of the end of the reporting period, the Quarterly Report for the first and the third quarter, prepared in accordance with the FSA regulations, including both the reporting documents listed in the FSA regulations and the financial balance-sheet and the statement of profit and loss prepared in accordance with the applicable regulations.

The financial statements are prepared in accordance with the Order of the Minister of Public Finance no. 2.844/2016 for approval of Accounting Regulations compliant with the International Financial Reporting Standards adopted by the European Union. During the period under review, SNN prepared its Annual and Interim Consolidated Financial Statements due to its 100% participating interest in the following companies: S.C. Energonuclear S.A., Fabrica de Prelucrare a Concentratelor de Uraniu - Feldioara S.R.L Branch, Nuclearelectrica Serv S.R.L.

Starting with the financial year ended on 31 December 2020, SNN prepares and submits its annual reports in a ESEF format (European Single Electronic Format) according to the Delegated Regulation (EU) no. 815/2018. Thus, its annual reports are also available in XHTML format, and the consolidated financial statements included in the Annual Report are marked using the XBRL markup language. Starting with the financial year ended on 31 December 2022, SNN tags also the explanatory notes to the consolidated financial statements. Thus, ESEF increases transparency and the ability to use financial information in decision-making by investors and analysts, and implementation of ESEF further improves the transparency of the capital markets.

The current reports related to the Company's activity are prepared during the statutory terms laid down under the legislation and are published on the BSE website, the FSA platform and on SNN's own website.

10.6.3. CONFLICT OF INTEREST AND TRANSACTIONS WITH INVOLVED PERSONS

The provisions concerning management of the conflict of interests are included in the Organization and Functioning Regulation of the Board of Directors, as well as in the Code of Ethics of the Board of Directors

The members of the Board of Directors will make decisions to the best interest of the Company and will not take part in debates or decisions that give rise to a conflict between their personal interests and those of the Company.

Each member of the Board of Directors makes sure they avoid of any direct or indirect conflict of interest with the Company, and should such a conflict occur, they will abstain from the debates and casting their vote on the that matters, in accordance with the legal provisions in force.

The members of the Board of Directors disclose to the SNN Board of Directors information about any relationship with a shareholder who directly or indirectly holds shares accounting for more than 5% of all voting rights. This obligation refers to any kind of relationship that could affect the member's position on the matters decided on by the Council.

In order to ensure the propriety of the transactions with the related parties, the members of the Board of Directors apply including the following criteria, but not only these:

- ❖ Maintaining the powers of the BoD or GMS, as the case may be, to approve the most important transactions. For intercompany transactions, SNN will observe the provisions of Article 52(5) of the Government Emergency Ordinance no. 109/2011, as subsequently amended and supplemented;
- ❖ Any transaction of an amount equal to or greater than 5% of the Company's net assets is approved by the Board of Directors based on a mandatory opinion of the Board's Audit Advisory Committee;
- ❖ Asking for a prior opinion on the most important transactions from the internal control structures (Audit Advisory Committee and Internal Audit Department);
- ❖ Entrusting the negotiations on these transactions to one or more independent directors, or to directors not related to the parties involved;
- ❖ Seeking the opinion of independent experts.

In addition to complying with general legal provisions, SNN has devised and implemented internal policies that further regulate the internal procedure for disclosure of intercompany transactions.

Thus, the Board of Directors will inform the shareholders, during the first general meeting of shareholders following the conclusion of the legal act, on any transaction concluded with administrator or directors, with employees, with controlling shareholders or a company controlled by them, by making available to shareholders documents that reflect the essential and significant data and information in relation to such transactions. Also, the Board of

Directors will inform the shareholders, during the first GMS following conclusion of the legal act, of any transaction concluded by SNN, as a public enterprise, with another public enterprise or with the public supervisory authority, if the transaction has a value, individually or in a series of transactions, of at least the RON equivalent of EUR 100,000.

The Board of Directors approves, on a quarterly basis, an information report on the purchase of goods, services and works the amount of which is greater than EUR 500,000/purchase (for goods and works) and EUR 100,000/purchase (for services); the report is published on the company's website under the Investor Relations/Periodic Reporting section.

The Board of Directors also approves and publishes annually, on the SNN website, a report on the sponsorships granted during the previous year.

10.6.4. MANAGEMENT FINANCIAL CONTROL

Management Financial Control IN S.N. Nuclearelectrica S.A. is organized and exercised in accordance with the provisions of the Government Decision no. 94/2011 on the organization and functioning of the economic and financial inspection, as approved by Law no. 107/2012 and the Government Decision no. 1151/2012 approving of Implementing Rules for organization and exercise of the financial management control, covering all the structures featured in the Company's organization chart.

Organization of management financial control in S.N. Nuclearelectrica S.A. is based on the need for an efficient control system in the Company, which ensures the integrity of its assets; strengthens budgetary and economic and financial discipline; ensures compliance with the legal provisions applicable to its activity, the regulations and the internal decisions; and increases efficiency in the use of the allocated resources.

Management Financial Control is an economic tool that falls under the objectives assumed in the Administration Plan as to consolidation of the internal control system, and serves the interests of SNN by:

- actions to prevent and/or detect failures;
- actions to review, and apply the preventive control visa on, the draft income and expenditure budget of the Company and/or of its subunits/subsidiaries.

Development and fine-tuning of the management financial control increase the quality, performance and responsibility of financial management in the use of the entity's resources.

The objectives of the management financial control are:

- To ensure the integrity of the assets as a monetary expression of the economic means, with their financing sources, as well as the financial results of the business activity;
- To render the use of the allocated resources more efficient by reviewing the lawfulness, regularity and compliance of the operations, identifying the weaknesses of the internal control system which caused errors or allowed occurrence of fraud, defective or fraudulent management;
- To strengthen the budgetary and economic and financial discipline;
- To comply with the legal provisions, regulations and internal decisions.

The purpose of financial management control is to inform the Board of Directors of S.N. Nuclearelectrica S.A. of, and to provide the CEO with information about, performance and:

- execution of operations in an orderly, ethical, economic and efficient manner;
- fulfilment of the obligations with responsibility; compliance with the laws and internal regulations in force;
- protection of the resources against loss, abuse and damage;
- consolidation of the internal control system so as to effectively ensure prevention of irregularities and recovery of losses caused by irregularities or fraud.

In S.N. Nuclearelectrica S.A., organization of management financial control observes the principles of segregation, and the Financial and Management Control Department (FMCD) is responsible for performing the management financial control (MFC) in all subunits and branches of S.N. Nuclearelectrica S.A. and enjoys operational independence because it is subordinated directly to the CEO.

Also, in accordance with the legal provisions, the Board of Directors is informed on a quarterly basis or whenever needed about the exercise and results of the management financial control.

In SNN, financial management control is carried out on the basis of the annual activity programme and the half-yearly programmes approved by the CEO of the Company, based on its own specific procedures issued in accordance with the applicable legal provisions, i.e., Government Emergency Ordinance no. 94/2011 on the organization and functioning of the economic and financial inspection, as approved by Law no. 107/ 2012 and Government Decision no. 1151/2012 Implementing Rules for organization and exercise of the financial management control, and incorporating the industry good practices.

In 2022, the specific objectives of the management financial control activity were attained, the approved activity programme was completed (17 control actions) and the checks covered all the 3 subunits, i.e., the Headquarters, the Cernavodă NPP Branch and the NFP Pitești Branch, as well as the subsidiaries FPCU - Feldioara SRL and Nuclearelectrica Serv SRL which were subject to preventive control actions on the substantiation of the income and expenditure budget.

The general objectives of the control actions featured in the 2022 annual activity programme were:

1. Observance of the legal provisions in substantiation of the income and expenditure budget of S.N. Nuclearelectrica S.A.;
2. Compliance with the legal provisions in the execution of the income and expenditure budget; the accuracy and reality of the reports made; monitoring the current execution of the IEB at subunit level and, analytically, at organizational structure level;
3. Compliance with legal provisions and internal regulations concerning performance, and utilization of the results of the annual inventory of assets, liabilities and equity;
4. Recognition of third-party services; the reality, necessity and appropriateness of the committed expenditure;

5. Performance of the maintenance and repair contracts for the own vehicle fleet;
6. Analysis, monitoring and reflection of the costs related to machinery/equipment/process plant maintenance activities;
7. Implementation of the procedures concerning the actions taken to determine the losses caused by an appeal before the National Council for Solving Complaints (NCSC) or the court.
8. Monitoring implementation of the measures defined further to the management financial control actions, respectively the reality and accuracy of the communications related to implementation of the measures approved under the control reports issued by DCFM.

The control reports concluded with 34 corrective measures, time-limits and implementation responsibilities.

10.6.5. AUDIT AND RISK MANAGEMENT DIRECTORATE

Set up back in 2018, the Audit and Risk Management Directorate (ARMD) is led by a Director and is under the direct subordination of the CEO, having the following main responsibilities:

- ❖ It carries out internal audit activities through the Internal Audit Department (IAD) to assess whether the management and internal control systems of the Company comply with the lawfulness, efficiency, effectiveness, regularity and/or economy rules, on a case-by-case basis; this activity is carried out in compliance with the principle of independence of the internal audit function in the Company;
- ❖ It ensures organization and performance of specific anti-fraud engagements and/or activities through the Anti-Fraud Office (AFO), established in 2019, which also acts to provide support in the audit engagements carried out by the Internal Audit Department, when there are suspicions or risks of fraud;
- ❖ It ensures coordination and monitoring of the risk management process and organizes, coordinates and provides methodological guidance in the risk management process that could affect attainment of the organization's business objectives and monitors realization/implementation of actions that place and maintain the risks within acceptable limits, through the Risk Management Service.

In order to ensure the independence of the internal audit function, the Audit and Risk Management Directorate (ARMD) is administratively subordinated to the CEO, and operationally to the Board of Directors or the Audit Committee.

In 2019, according to the new organizational chart of SNN, the Compliance Office was transferred from under the subordination of ARMD into under the CEO's, being staffed (one employee) since November 2019.

The main duties of the Compliance Office, according to the ROF, are:

- Performance of compliance engagements based on the reports received via the communication channels available to employees, partners and other third parties to report any professional misconduct;

- Maintaining the ISO 37001 certification: 2016 - The anti-bribery management system the objectives of which are:
 - detection of pre-existing situations that could give rise to bribery and/or other acts of corruption and that could expose the Company;
 - enhancing the Company's reputation;
 - a better ability to discover infringements and react accordingly;
 - cost cut-down;
 - protection against court proceedings (for an investigation, the standard can also consider as piece of evidence that an organization has taken reasonable and proactive measures to prevent bribery);
 - risks mitigation;
 - building the trust of stakeholders.
- Delivery of an annual staff training programme on ethics and integrity.
- It helps mitigate the risks generated by the transactions SNN with business partners by supporting better knowledge of, and access to, the relevant information about the internal regulatory framework and the compliance programme put in place by the business partner.

Internal audit

In 2022, the internal audit activity in SNN was carried out through its in-house internal audit structure, namely the Internal Audit Department (“IAD”), hierarchically subordinated to the CEO of the Company, but remaining independent in the reporting and functional relations with the Board of Directors and the Audit Committee. The management of SNN ensured improvement of the professional quality of the IAD organizational structure by supporting implementation of the Quality Assurance and Improvement Programme. Most of the Company's internal auditors are professionals with internationally recognized certifications (CIA, CRMA, ACCA).

In 2022, there were no problems related to the failure to ensure the independence and competence of the internal auditors, and no instances of non-compliance with the rules and principles laid down in the Internal Auditor’s Code on Ethical Conduct were identified.

In the branches, Cernavodă NPP and NFP Pitești, there are no internal audit structures set up, and audits therein are performed by the Headquarters’ IAD. Also, starting with the year 2020, the IAD of SNN expanded the scope of its work so as to cover also the internal auditing of the subordinated entity - EnergoNuclear S.A. As to the newly-established SNN subsidiaries/branches, as of 2022:

- Feldioara branch (Fabrica de Prelucrare a Concentratelor de Uraniu - Feldioara SRL) received the agreement of SNN IAD (the hierarchically higher entity) to establishment and organization of its own Internal Audit Department and is developing its own annual internal audit plan, in coordination with that of the hierarchically higher entity;
- the scope of the SNN’s internal audit function (IAD) has implicitly expanded to cover also for the activities of the subsidiary Nuclearelectrica Serv SRL and the JV RoPower Nuclear SA, to the extent that these entities become operational (gain relevance/materiality) and do not opt to set up their own Internal Audit Departments.

IAD carries out its activity based on its own procedures, which are updated whenever necessary. The main internal procedures on the basis of which IAD operates are the following:

- the implementing rules for the organization and performance of the internal audit in SNN;
- the Internal Audit Charter.

The rules were designed in accordance with the legislation in force (Decision no. 1086/2013 and Law no. 672/2002, republished), the Internal Audit Professional Practice Standards of the Institute of Internal Auditors (IIA-Inc) and the best industry practices.

IAD also continued the Quality Assurance and Improvement Programme which aims to:

- provide adequate assurance that the activity carried out by the internal auditors adds value and helps improve the processes and operations of the SNN Group;
- provide additional assurance that the activity is carried out in accordance with the applicable legislation and the Internal Auditor's Code of Ethical Conduct.

The internal audit activity was carried out based on the annual plan, as approved by the CEO of the Company. Also, at the end of the year, the CEO approved the 2023 - 2025 Multiannual Audit Plan, which aims to cover most of the processes and activities of the SNN group of entities.

In 2022, as many as 13 internal audit engagements were completed in SNN, plus the assistance afforded to the control team of the Court of Accounts of Romania during the inspections or follow up engagements conducted on the implementation of the previously ordered/agreed measures.

DAI constantly monitors the status of implementation of the recommendations made in the internal audit engagements, with the internal auditors asking to be informed of their status and, if possible, to receive evidence of implementation, on their respective due dates. Once the implementation time-limit is reached, the auditors visit the auditee to check the accuracy of the information received and set new implementation time-lines, if necessary.

We point out that, in 2022, the provisions of Article 21(8) of Law no. 672/2002, republished, on the professional training of internal auditors through participation in training/in-depth training courses, as well as through self-learning, were observed.

Anti-Fraud

In 2022, the Anti-Fraud Office continued implementation of the Anti-Fraud Programme approved in August 2020 by the Board of Directors of SNN and, in this regard, the main objectives targeted for the improvement of the compliance and fraud risk management activity were:

- advancement and communication to employees and business partners of the procedures and codes of conduct for development of a culture of ethics and integrity;
- performance of prevention activities on ethics, compliance and anti-fraud topics;
- ensuring functionality of the systems put in place for efficient and effective reporting of irregularities and investigation of reports/referrals;

- active participation of SNN in anti-fraud/anti-corruption debates/presentations organized by the Ministry of Justice, the Italian Embassy in Romania, AMCHAM Romania and World Economic Forum, under the strategic "Partnering Against Corruption Initiative";
- having the management system implemented by SNN in accordance with the provisions of the standard ISO 37001 Anti-Bribery reauthorized by the certification body;
- adherence to the 2021-2025 National Anti-Corruption Strategy and preparation of the 2021-2025 Integrity Plan, which lists specific measures to be staged-out until 2025 under the 3 key objectives of the strategy, namely increasing implementation of the integrity measures at organizational level, strengthening institutional management and administrative capacity to prevent and control corruption, and strengthening integrity in priority business areas;
- performance of anti-fraud tests;
- implementation, with the support of the Internal Audit Department and of an external consultant, of as many as 17 internal controls on the financial reporting process.

In 2022, the Anti-Fraud Office was part of a joint team set up with the Internal Audit Department that undertook 4 audit engagements and provided support to the Compliance Office for settlement of the reports received via the Whistleblowing mechanism; these led to joint performance 2 compliance investigations.

Risk management

The risk management process falls under the responsibility of the Chairman of the Monitoring Committee and given the size, complexity and specific environment of the nuclear activities, the responsibilities for corporate risk management are carried out/fulfilled by the Risk Management Service (RMS) of the Audit and Risk Management Directorate (ARMD), together with risk owners and the SNN staff.

In carrying out its duties, the Management Internal Control System Monitoring Committee reviews performance of the risk management process based on the quarterly Risk Management Reports issued by the RMS and ranks the significant risks that could affect attainment of the objectives.

The monitoring committee reviews and approves, every year, the risk profile profiles and the risk appetite limit, based on the SMR's proposals concerning them, after which these are approved by the Company's management. This Committee also looks into, and approves, the "Controls Implementation Plan" put in place to address significant risks (with a residual exposure that exceeds the risk tolerance limit set in the Company (14)) for its further submission to the CEO for approval.

The risk profile has currently the structure described below, for the years 2022 and 2023, and is the following:

Risk name	Weight 2022	Weight 2023	Risk level for 2022	Risk level for 2023	Trend 2022	Trend 2023
Operational Risk	40%	35%	Low	Low	→	↗
Market/price risk	5%	8%	High	High	↗	→
Credit risk/ counterparty	5%	7%	High	High	↗	→
Competitive risk	5%	5%	High	Medium	→	↘
Macro-economic risk	5%	5%	High	High	↗	→
Geopolitical risk	-	10%	High	High	-	→
Regulatory/ legislative risk	10%	10%	High	High	↗	→
Risk related to the lack of specialized workforce	10%	5%	High	Medium	→	↘
Risk related to the investment/ maintenance/ refurbishment works (U1 & U2)	5%	5%	Medium	Medium	→	→
Project risk (U3 & U4, SMR, Cobalt)	10%	5%	Medium	Medium	→	→
Development and integration of the subsidiaries FPCU Feldioara, EnergoNuclear and Nuclearelectrica Serv	5	5%	Medium	Medium	→	→
Global risk profile	100%	100%	Medium	Medium	→	→

The Risk Management Service has re-assessed and modified their estimates of the level of the risks in the risk profile and their trend, as follows:

- All risks** included in the risk profile, save for those affected by the military conflict in Ukraine, are expected to stabilize after the increases of the previous years, and the decrease estimated last year for some of them (such as "the risk related to the lack of specialized workforce") has materialized driven by favourable conditions. The risks related by the military conflict in Ukraine (market risk, credit, and macroeconomic and legislative risk), which followed an increasing trend in 2022, could cap at the current levels in 2023 or even a decrease, but their developments will be influenced by how the military conflict in Ukraine would continue.
- Operational risk**, considered to refer mainly to the safe operation of the Cernavodă power plant, with a tendency to stabilize in 2022, is estimated to increase slightly in 2023 after commencement and development of a number of large projects at the same time.
- Market/price risk** is expected to remain high in 2023 due to the persistent of high price volatility and uncertainty, particularly due to the developments of the military conflict in Ukraine.

- **Credit/counterparty risk** increased in 2022 due to the general economic conditions worsened by the military conflict in Ukraine, as the price of electricity is strongly affected by it.
- **Macroeconomic risk**, having increased in 2021 from "Medium" to "High" due to the impact of the measures to control the pandemic on the national, EU and Romanian economies, remains high in the context of the military conflict in Ukraine.
- **Regulatory risk**, having stayed high in 2022, particularly due to the expected propagated impact of the national implementation of the European legislative package "Clean energy for all Europeans", continues to remain high in the context of the conflict military from Ukraine.
- **Risks attached to projects** in progress (RT U1, SMR, Cobalt, U3&U4, integration of the assets and business of CNU, EnergoNuclear and Nuclearelectrica Serv business development) were percentage distributed among them and was assessed as "Medium" under the strict controls applied to manage it.

The Risk Management Service assesses the total risk level in the risk profile of SNN as “Medium” in 2023, particularly as a cumulative effect of a good control of the operational activities, the evolution of the macroeconomic situation, the price volatility, the financial situation of counterparties and operational risks, the refurbishment projects commenced, the development of the CTRF project, SMR power plants and units U3 & U4 units, the activation of the CNU subsidiary and of the services subsidiary, but with reduction outlooks, provided that favourable conditions appear.

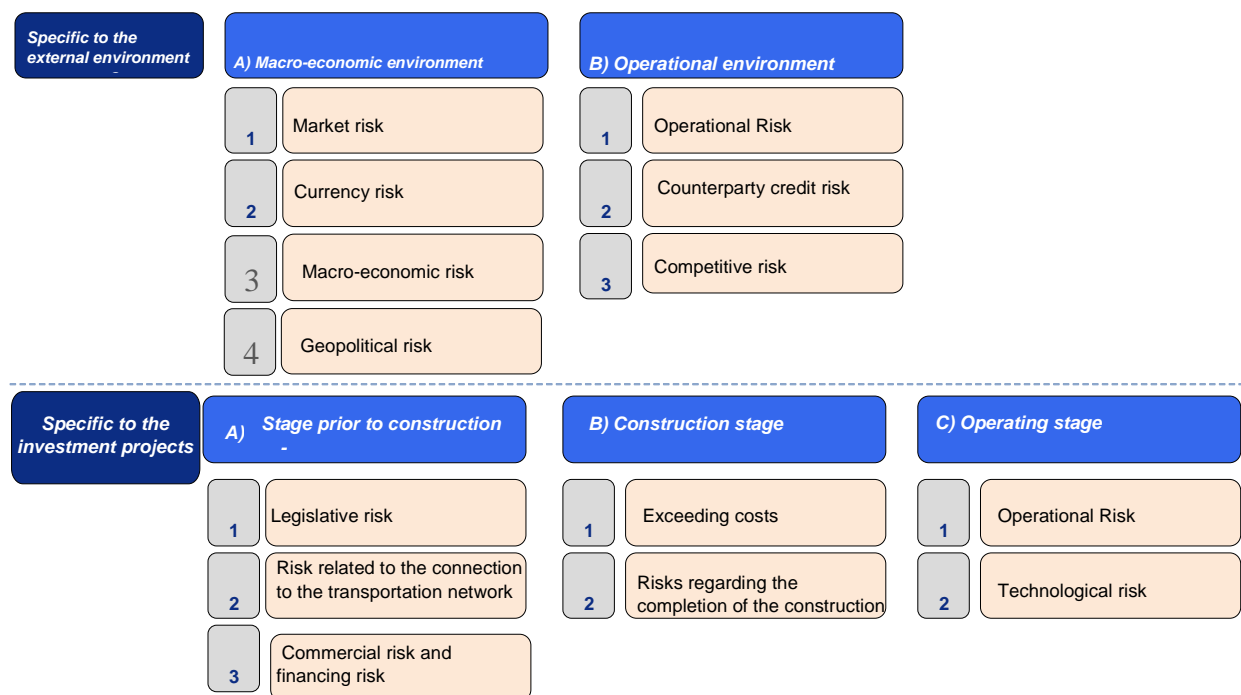
Current activity and business strategy risk analysis

The 2020-2030 Romanian Energy Strategy towards 2050 proposes specific targets, sets out clear directions, and defines the milestones whereby Romania shall secure its position as regional energy producer and an active and important actor in managing stress situations at the regional level. The development of the energy sector is directly proportional to implementation of some strategic investment projects of national interest, among which completion of Cernavodă NPP's Units 3 and 4 Project is a priority. Refurbishment of Unit 1 within Cernavodă NPP represents a component of the energy strategy project. Also, the draft energy strategy substantiates the positioning of Romania in relation to the proposals to reform the European energy market, and an important place is reserved to the analysis of the European context and the policies for creation of the Energy Union we will be a part of; its regular updating following takes into account the changes taking place at the local, regional, European and global level, and implementation of the Energy Strategy is linked with the national and international context, both evolving in a dynamic interdependence.

In this context, SNN set up the main middle-term and long-term strategies mainly considering to maintain nuclear safety, to continuously rise and increase its shareholders' profit, and the activity risk analysis is more important in such context.

Consequently, the main risks attached to the SNN's business and objectives (risks related to the Product Market and Development) were analysed. The figure below makes an overview of the main objectives, the critical elements relating to the implementation of strategies and risks which the Company will experience.

Overview of the general risks



Source: SNN analysis

The main risks specific to the Company, depending on the macroeconomic environment and the operational environment are briefly addressed below:

Macro-economic environment

The future profitability of the Company's operations and the feasibility of its projects depend on the Romanian market conditions and the conditions experienced on the markets of the countries which it carries out the majority of its business operations with, particularly in the European Union, given the development of the investment projects concerning the Refurbishment of U1, construction of U3&U4 and SMRs, and with the US and Canadian partners. The main risk factors attached to the macroeconomic environment are grouped into the following three categories:

Market risk

The market risk category includes general market risks and risks related to the Romanian electricity market. This risk combines the effects of macroeconomic performance, the evolution of the electricity market and the volatility of the electricity price, and it appears due to the fluctuations in the price of electricity and in the price of raw materials and materials, the small number of suppliers or business partners and the lack of long-term contracts.

Materialization of the market risk has a direct impact on the overall performance of the Company.

Currency risk

The currency risk is determined by the current activities of the Company, assuming that some of these involve transactions in foreign currency. These transactions include repayment of the loans taken to finance Unit 2 (in EUR, USD and CAD), the technical assistance and the contributions to the decommissioning of the two units.

Geopolitical risk

SNN considers and assesses, in the pursuit of its business, the business environment changes caused by the geopolitical developments in terms of prices, counterparty credit risk, compliance with sanctions and bans, the risk that the military conflict in Ukraine extends in the vicinity of Romania, etc.

Operational environment

The Company's current operations are influenced by various additional risk factors that have a major impact on the current profitability. The main categories of risks are the following:

Operational risk

The *operational risk* is the risk of loss that results either from the use of inadequate internal processes, people or systems or processes, people or systems that did not perform their function properly, or from external events, and includes also the legal risk.

Operational risks are related to the Company's business and its ability to generate income and maintain a competitive operating margin, and are closely related to the market position, identification and assessment of the investments, the profits/losses generated, any potential fines, penalties or sanctions, a deficient establishment or administration of the contractual obligations. These risks depend on the Company's ability to procure the amounts of electricity it assumed under contracts on the regulated and competitive markets, taking into account both the scheduled and unscheduled shutdowns of Units 1 and 2.

The operational risks can materialize in equipment failures, human errors or malfunctioning of the operational processes, which can ultimately lead to unscheduled shutdowns.

Similarly, the prolonged and severe drought or other external events (e.g. strong storms, extreme cold, failure of Transelectrica's electricity transmission network) can have a major impact on the generation of electricity, further to unscheduled business shutdowns.

Among the measures that can mitigate these risks is consideration of negotiation of long-term contracts, with predefined prices and specific commercial clauses concerning and damages, with the aim of reducing volatility during the collection and ensuring the cash flow needed for operations and investments. Other measures that can reduce the operational risk can be represented by the Company's ability to plan operation shutdowns during periods when the price of electricity decreases or the Company's ability to conclude contracts to offset the unrealized production, when the units do not produce enough electricity due to unscheduled shutdowns.

Counterparty credit risk

Counterparty credit risk represents the risk of business partners not acting in accordance with the terms and conditions specified in the concluded contracts, as a result of failure, intentional (refusal to pay) or unintentional (inability to pay) to pay a debt to SNN, of judicial reorganization, bankruptcy or voluntary liquidation of a counterparty of SNN.

SNN has business partners both as a seller and buyer of electricity, as well as a buyer of goods, equipment and services needed for its current activity.

Given the opening of the market to competition, SNN will seek to conclude contracts for the sale of electricity mainly on a long-term basis, for a large part of its production capacity, this being a condition for ensuring the cash flow required by credit institutions, considering particularly the additional financing needed to make investments. In order to mitigate this risk, the Company has put in place a policy of selecting business partners based on their credit risk; consequently, such contracts will only be concluded with solvent business undertakings.

Competitive risk

The competitive risk must be reviewed in the context of the alignment of the Romanian Day-Ahead Market, in observance of the price coupling mechanism, to the markets in the Czech Republic, Slovakia, Slovakia and Hungary; consequently, the Company will be exposed to a stronger regional competition generated by future improvements, refurbishments, extensions and new constructions expected to be carried out by the electricity generators on the respective markets. Also, the renewable energy projects are highly volatile in terms of production due to the lack of forecasts on the availability of fuel sources (e.g. wind and solar energy).

Legislative/regulatory risk

The legislative risk it is represented by the changes that could occur in the Romanian and/or EU legislative framework. Such potential changes could refer to levying of new taxes or enforcement of nuclear safety standards and/or requirements by the community, local and central authorities and/or by the authorities that regulate the field of nuclear energy. In the context of the military conflict in Ukraine, the economic sanctions imposed by both the European Union and of the US becomes important, in light of the fact that SNN has business relations with US entities and some partners of SNN must abide by the applicable US legislation since they operate in jurisdictions subject to the US laws. The effect of the legislative risk can be unexpected raises in the production costs, which could further eat up profit the margins.

Apart from the individual risk that can be generated by a single piece of regulation (regulation, directive, law, ordinance, etc.), the Company is exposed to the legislative/regulatory risk also in terms of the large number of national and international regulatory and/or control entities and/or professional associations, which address the activities carried out by the Company; in this context, it can be that the regulations issued by different authorities may come into conflict due their contradictory regulatory provisions.

Risk related to the investment/ maintenance/ refurbishment works

This risk appears in close connection with the Company's funds, procurement and maintenance plan, performance of studies/surveys and analyses needed to substantiate the plans, structure and training of the staff, and the suppliers of equipment/plants.

Risk related to the lack of specialized workforce

This risk appears in connection with both the loss of specialty knowledge due to the retirement of the Company's specialists, and the departure of specialists to other better-paid jobs, but also in the absence of programmes to attract skilled young people, who would be then trained and specialized in both the field of operation and maintenance, as well as in other fields related to implementation of the proposed investment programme.

The Risk Management Service classifies and monitors risks in order to provide useful risk information to decision-makers in SNN. The staff who manage the risks have identified several ways to mitigate them, some of which are presented in the following table:

No.	Risk category	Mitigation method
1. Macro-economic environment		
1.1	Market risk	- long-term bilateral contracts, with fixed prices or well-defined price formulas;
1.2	Legislative/regulatory risk	- use of the best technologies that ensure the environment sustainability; - continuous communication with the authorities;
1.3	Currency risk	- negotiation of price conditions that include the currency risk
2. Operational environment		
2.1.	Commercial risk	- negotiation of contracts for a period of more than 1 year, with predefined prices; - policy of evaluation of commercial partners; - capitalization of export opportunities.
2.2	Regarding costs	- conclusion of contracts for the compensation of revenues from the electricity production when the reactors are stopped, thus anticipating the unscheduled shutdowns.
2.3	Counterparty risk	- well-designed and detailed long-term contracts; - application of a rating system in the case of parties with which bilateral contracts are concluded; - guarantees (cash in the Company's accounts, letters of guarantee, binding letters of commitment, of the PCG - Parent Company guarantee type).
2.4	Competitive risk	- continuous monitoring of the markets, - applying a cost control policy.

Among the events external to the Company that required decision-making are the Covid-19 pandemic and the outbreak of the military conflict between Russia and Ukraine.

The Covid-19 pandemic has adversely affected the society and the human activities all over the world. The isolation measures and mobility restrictions adopted internationally as responses to the spread of the pandemic have slowed down even more the growth in terms of both the real (productive) activity and the financial services.

Against a background economic environment already weakened by the measures taken internationally to fight against the Covid-19 pandemic, deterioration of the macroeconomic environment has been deepened by the military conflict in Ukraine.

So far, even if SNN has not been directly affected by the military conflict in Ukraine, it still felt its propagated impact through the macroeconomic instability that accompanied it, translated into:

- high fluctuation of electricity prices (*market risk*) and a high volatility of fossil fuel prices, especially gas, due to reduction or complete interruption of gas supply from Russia to Europe, which triggered an energy crisis that would last until 2027,
 - with a propagated impact on the prices of electricity sold by SNN, but also, in the context of government measures taken to protect the population and businesses against this volatility, on the capacity of electricity suppliers, partners of SNN, to absorb these shocks, and the counterparty credit risk,
- high volatility of the legislative framework put in place to provide protection against the rise in the price of electricity (*regulatory risk*),
- high vulnerability of the counterparty credit risk affected by the aforementioned regulations (*counterparty credit risk*),
- strong volatility of food prices (*market risk*), due to the fact that (since both Russia and Ukraine used to be the main producers on the international market) large areas of Ukraine have been affected by the conflict and the exports from Russia have been significantly limited by sanctions,
 - with a widespread impact on the credit risk of the population, customers of SNN partners,
- the adverse impact (up to interruption) on the supply chains affected by sanctions and/or the Covid-19 pandemic (*external risk, hazards*),
- security risk (*external risk, hazards*) due to escalation of the conflict in:
 - the proximity of Romania's exclusive economic zone of the Black Sea,
 - the territorial proximity of the Republic of Moldova, and
 - the proximity of the airspace of NATO countries, Romania and the Republic of Moldova,
 - areas for launching air strikes from remote conflict zones, but which could pose additional risks (e.g. the Caspian Sea, the Mediterranean Sea, etc.).

Amendment of the regulatory framework of the energy market is part of the set of actions taken internationally for global decarbonization purposes.

In this context, Romania and SNN align with the actions taken by the European Union, which completed a comprehensive review of the energy policy framework by adopting a set of regulatory acts generically called Clean Energy for all Europeans Package (or Clean Energy Package - CEP), with the aim of facilitating the EU's transition from the use of fossil fuels to clean energy, and of helping reduce the greenhouse gas emissions by 40% by 2030, compared to the figures of 1990.

In this context, the clean energy produced by SNN is of strategic importance for Romania, and the development projects of reactors 3 and 4 of the SNN nuclear power plant and

continuation of the initiatives to develop of small reactors are ranked very high in terms of priority.

Improvement of the internal risk management framework

With a view to achieving the objective of reporting capabilities development and improvement, risk control and management, SMR implemented a series of continuous actions/measures intended for the improvement of the risk management framework, among which we remind:

- ❖ The reduction of the reporting time of the risk information (risk management) and defining the related performance indicators (KPI). Thus, if during the first years of activity of the risk management function, reporting took place within 2-3 months from the examined period, at present it takes place within approximately 20 days from the closure of the examined quarter.
- ❖ The introduction of new risk categories in the periodic analysis, depending on the dynamics of business needs.
- ❖ The periodical review of the counterparty risk for all counterparties with which commercial contracts have been concluded on CM-OTC market and beyond.
- ❖ Automation/ digitalization of the risk management processes by developing applications of the risk information circulation management (ARM). ARM application approaches all the risk management process: visualization, addition, amendment/update, return, deletion and validation of risks, allowing a perspective of the risk evolution in time, monitoring of the actions related to thereto and generating reports of interest for the company management.
- ❖ Automation/ digitalization of the process of managing the guarantee instruments issued in favour of SNN through the development of the AGNI application. The application addresses the following business needs: verification of the guarantees issued in favour of SNN and the eligibility of issuers; management of information on guarantees and issuers; approval of exemptions/exclusion regarding the guarantees and issuers; reports for the guarantees registered in the application.
- ❖ Increase in the competencies level of the Company's staff as regards the risk management both by participation in the training courses and the carrying out of certain training sessions based on internal resources for the Executive staff of SNN, Cernavodă NPP and NFP Pitești.
- ❖ The review, improvement and/or recalibration/ periodical adjustment of the risk management instruments (for example, internal procedures, algorithms and models, rating scales, risk profile, risk tolerance limit, operational and informational flows).

Risk insurance

As at 31 September 2022, the following operational insurance policies were valid:

- ❖ The property insurance policy for material damages, all risks, including mechanical and electrical destruction (for Units 1 and 2 Cernavodă NPP and NFP Pitești). The insurance premium is USD 1,817,937 for the entire year for all damages. The insured sum is USD 1,560 million in aggregate, of which (i) USD 360 million - property related to Unit 1 of Cernavodă NPP and NFP Pitești, (ii) USD 300 million - property

related to Unit 2 of Cernavodă NPP, (iii) two additional excess layers of USD 200 million each for [i] and [ii] above, and (iv) USD 500 million – an joint excess layer. Deductible: USD 10 million.

- ❖ Civil liability policy to third parties for nuclear damages. The insurance premium is USD 1,038,132 (for Units 1 and 2 of Cernavodă NPP). The insured amount is SDR 300 million.
- ❖ The third-party/professional liability insurance policy for SNN's directors and executives. The insurance premium is EUR 169,900. The liability limit is EUR 24 million.

In addition to these insurance policy, the Company has concluded also policies of the types MTPL (motor third-party liability), motor-hull (CASCO - optional motor insurance) and against accidents at work and occupational illnesses for employees.

10.7. COMPLIANCE FUNCTION

The main duties of the Compliance Office, according to the ROF, are:

- Performance of compliance engagements based on the reports received via the communication channels available to employees, partners and other third parties to report any professional misconduct;
- Maintaining the ISO 37001 certification: 2016 - The anti-bribery management system the objectives of which are:
 - detection of pre-existing situations that could give rise to bribery and/or other acts of corruption and that could expose the Company;
 - enhancing the Company's reputation;
 - a better ability to discover infringements and react accordingly;
 - cost cut-down;
 - protection against court proceedings (for an investigation, the standard can also consider as piece of evidence that an organization has taken reasonable and proactive measures to prevent bribery);
 - risks mitigation;
 - building the trust of stakeholders.
- Delivery of an annual staff training programme on ethics and integrity.
- It helps mitigate the risks generated by the transactions SNN with business partners by supporting better knowledge of, and access to, the relevant information about the internal regulatory framework and the compliance programme put in place by the business partner.

In the first quarter of 2022, SNN was subject to the surveillance audit of the certification body, and was found to meet the conditions for implementation of the standard ISO 37001 anti-bribery management system. This audit positively validated the progress made in this segment.

The work of the Compliance Office covered the following areas:

- Communication;
- Procedures;
- Awareness raising and training;
- Consultancy;
- Control and investigations;
- Evaluation of corruption risks.

The main activities performed in 2022 according to the compliance programme are listed below:

- Implementation of the objectives and measures of institutional transparency and corruption prevention, as provided in the National Anti-corruption Strategy 2021-2025.
- Participation in government initiatives on anti-fraud/anti-corruption, and in the events organized by AMCHAM Romania to foster integrity in the Romanian business environment.
- Participation to the "Partnering Against Corruption Initiative" platform and the transfer of the expertise gain by improving the internal regulatory framework.
- Continuation of the control and monitoring activities concerning the risk areas and dissemination of the principles of ethics and integrity to our employees and partners.
- Planning training programmes depending on the exposure of the staff to specific risks;

Further to the activities carried out by the Compliance Office and the tests undertaken specifically on the key controls of the anti-corruption management system, the CO can provide the management of SNN with reasonable assurance on the effectiveness of the anti-corruption compliance control and monitoring process; as such, no risks or significant issues were identified in 2022.

11. OVERVIEW OF THE GROUP

As at 31 December 2022, SNN holds 100% participating interests in three subsidiaries: S.C. Energonuclear S.A., Fabrica de Prelucrare a Concentratelor de Uraniu - Feldioara S.R.L Branch, and Nuclearelectrica Serv S.R.L. All subsidiaries fall under the consolidation scope. As at 31 December 2022, the Company holds only one related entity subject to consolidation, namely Ropower Nuclear S.A., with a participating interest of 50% in its share capital.

11.1. Energonuclear S.A. Subsidiary

History and Presentation

The establishment of EnergoNuclear SA ("EN"), a company the mission of which is development of the Cernavodă NPP Units 3 and 4 construction project took place by SNN holding a participating interest of 51% in its share capital (under the Government Decision no. 643/2007, as amended by the Government Decision no. 691/2008). According to the Investment Agreement for establishment of EN, signed on 25 December 2008 and approved by the Government Decision no. 1565/2008, the initial shareholding was: SNN with 51%; RWE, GDF Suez, ENEL and CEZ each with 9.15%, and ArcelorMittal and Iberdrola each with 6.2%.

After withdrawal from the Project of the shareholders CEZ (on 30 December 2010), RWE, GDF Suez and Iberdrola (on 28 February 2011), Enel (on 16 January 2014) and ArcelorMittal (on 17 January 2014), SNN acquired, under the respective share assignment contracts, their former aggregate participating interest in EN and ended up holding 100% of the share capital of EN on 17 January 2014.

As at 31 December 2022, the share capital of EN is RON 203,925,002.5245, fully subscribed and paid up in cash. The share capital is divided into 51,772,069 ordinary registered shares with a nominal value of RON 3.9389 per share.

The registered office of EN is in Bucharest, Bd. Lacul Tei, nr. 1 – 3, etaj 8, sector 2, rooms 829-830, 801, 802, 803, 804, 806, 807-808, 809 – 810, 811, 812 and 800. Its number in the Trade Register is J40/3999/2009, and its Single Code of Registration is 25344972.

Articles of Incorporation

EN's Articles of Incorporation has undergone successive amendments over time, as these were approved by Resolutions of the Extraordinary General Meeting of Shareholders. The latest amendment to the Articles of Incorporation was approved under the Resolution no. 10 of 22 October 2021 of the Extraordinary General Meeting of the Shareholders of EnergoNuclear S.A.

The amendments made to the Articles of Incorporation of EN in October 2021 were the result of the company' becoming again operational starting from September 2021, and consisted, mainly, in clearly setting out and delimiting the duties and powers of the company's corporate bodies in compliance with the legislation in force; setting limits to the powers of the corporate bodies; and defining the method of convening the meetings of the General Meeting of Shareholders and of the Board of Directors of EN.

Acts of appointment/revocation of Directors

EN is managed under single-tier system. The executive body of the Company is the Board of Directors, consisting of 3 (three) members. The members of the Board of Directors will be elected for a 4-year term of office, and can be re-elected. The members of the Board of Directors are elected by the Ordinary General Meeting of Shareholders, according to the legal provisions. The Chairman of the Board of Directors is elected by the Board of Directors among its members.

During 1 January – 31 December 2022, the membership of EN's Board of Directors was:

- Anca Dobrica: Chairwoman;
- Melania Amuza: Member;
- Codrut Tudor: Member.

Management of Energonuclear

During 1 January - 9 October 2022, the position of temporary CEO of EN was held by Mr. Alexandru Marciulescu, appointed under decisions of the Board of Directors, in accordance with the provisions

of Law no. 31/1990 of the companies, and with the Government Emergency Ordinance no. 109/2011 on the corporate governance of public enterprises.

The Board of Directors of EN approved appointment of Mr. Alexandru Havris, effective 10 October 2022, in the position of temporary CEO, in accordance with the provisions of Law no. 31/1990 of the companies and the Government Emergency Ordinance no. 109/2011, for a term of office of 4 months, i.e., until 10 February 2023 (including), with the possibility of renewal for up to 6 months.

Disputes

As at 31 December 2022, there were no pending disputes and no new disputes arose in the course of 2022.

Description of the activity

In 2022, EN carried out the following activities in line with the Strategy for continuation of the Project for Units 3 and 4 of Cernavodă NPP (the “Strategy”), as approved by Resolution no. 3/05.04.2021 of the Ordinary General Meeting of Shareholders of SNN; the team of Energonuclear S.A. contributed to the following achievements:

- Obtaining the Permit to hold and export unpublished information from NCNAC;
- Implementation of the NCNAC requirements stipulated in the inspection reports;
- In December 2022, NCNAC reauthorized the EN’s Quality Management System;
- Contracting and development of contracts for the services and works needed for conservation of existing civil engineering structures and the site of U3&4:
 - Performance of the electrical maintenance contract for the temporary electrical installation;
 - Performance the contract for water evacuation from the basements of the civil engineering structure U34;
 - Performance of the contract for site sanitation and cleaning the interior of the building U34;
 - Expert examination of the building platform access stairs of U3&4;
 - Conservation of the embedded metal parts from the basement of the Unit 4 reactor.
- Internalization of the financial and accounting services;
- Awarding of the contract for legal assistance for project implementation;
- Updating the engineering documentation needed to kick off the Project (underlying licensing documents, nuclear safety guidelines, list of project changes with an impact on nuclear safety), assessment of the possibility to migrate from DCC to DCS; preparing the "templates" for the engineering and Nuclear Safety documentation to be filled out in Stages 2 and 3;
- Review and acceptance for payment of more than 80 technical reports (CANDU Energy);
- At the end of December, it obtained the Letter of Comfort from NCNAC confirming that the U3&4 Project is admissible under the Nuclear Safety requirements in force;

- Preparation and submission of the complementary notification for the Project Units 3 and 4, based on the provisions of Article 41 of the EURATOM Treaty.

11.2. Fabrica de Prelucrare a Concentratelor de Uraniu - Feldioara S.R.L. Branch

On 24 September 2021, the SNN subsidiary Fabrica de Prelucrare a Concentratelor de Uraniu-Feldioara SRL, was established, with the number in the Trade Register J8/2729/2021 and Single Code of Registration (CUI) 44958790. Also, the Articles of Incorporation of SNN Feldioara Branch were approved under the EGMS Resolution no. 10/11.08.2021.

In the financial year 2022, 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, following the approval of the transaction and mandating the 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.

Further to the due diligence conducted, SNN identified the necessary assets due to be strategically integrated into its structure; thus, by completing this transaction, SNN will integrate the entire manufacturing cycle of CANDU nuclear fuel, save for the mining activity.

The transaction covers only a few assets (land, buildings, special structures, planta/installations, machinery and equipment).

Takeover of assets from Feldioara Branch of CNU was a two-stage process: Contract signing date, which occurred on 18 March 2021, and Completion Date on 28 December 2022.

11.3. Nuclearelectrica Serv S.R.L. Branch

Nuclearelectrica Serv S.A. branch has its registered office located in Constanța County, Cernavodă Locality, Str. Energiei nr. 21, Hotel nr. 2, Building B, 1st floor and is registered with the Trade Register under number J13/4108/17.12.2021, with Unique Registration Code 45374854, tax attribute RO. The main activity of Nuclearelectrica Serv consists in “Other human resources provision” - NACE Code 7830.

The subsidiary Nuclearelectrica Serv SRL will mainly take over collection, segregation and characterization of the radioactive waste, that use to be performed by external providers. Other services provided by this subsidiary are: fire prevention, handling services in the warehouses of Cernavodă NPP branch.

11.4. Ropower Nuclear S.A.

In September 2022, the special purpose vehicle Ropower Nuclear S.A. was established, owned in equal shares by the shareholders S.N. Nuclearelectrica S.A. and Nova Power&Gas S.R.L. Its registered office is located in Romania, Dâmbovița County, Doicești Locality, Strada Aleea Sinaia nr. 18, the Administrative Building, 1st floor, being registered with the Trade Register under number J15/1604/26.09.2022, Unique Registration Code 46901014, tax attribute RO. The main activity of the Company consists in the “Production of electricity” - NACE Code 3511.

As at 31 December 2022, the Company held 50% of the share capital of Ropower Nuclear S.A., the shareholding value amounting to **RON 4,943,000**.

Ropower Nuclear S.A. Company is established to develop, raise financing, design, build and operate a facility for production of electricity from nuclear energy based on the small modular reactors in Doicești, County of Dâmbovița, based on the NuScale technology, consisting of 6 NuScale modules of 77 MWe each, totalling 462 MWe, as well as to operate a facility for production of electricity from solar energy, with a capacity of at least 80-100 MWe, in the commune of Șotânga, County of Dâmbovița.

12. SUBSEQUENT EVENTS

Changes in the management of the company - Directors

Under the Current Report published on 13 February 2023, the Company provided information about the decision of the SNN’s Board of Directors of 13 February 2023, based on the recommendation of the Nomination and Remuneration Committee, to appoint Mr. Dan Niculaie - Faranga as temporary Chief Financial Officer for a 4-month term of office, effective 14 February 2023, however without exceeding the date when a Chief Financial Officer would be appointed for a 4-year term of office further to completion of the CFO selection procedure pursuant to the provisions of the Government Emergency Ordinance no. 109/2011, as subsequently amended and supplemented, provided that this selection comes to an end before the set term.

Changes in the management of the Company - Board of Directors

Under the OGMS Resolution no. 1/15.02.2023 of the Ordinary General Meeting of SNN’s Shareholders, four non-executive members of the Board of Directors were appointed effective 15 February 2023, for a 4-year term of office, in keeping with the provisions of Article 29(1) of the Government Emergency Ordinance no. 109/2011. The form of the mandate contract and the fixed allowance of the new non-executive directors were also approved. As non-executive directors of the Board of Directors of SNN, Mr. Vulpescu Remus, Mr. Chirlesan Dumitru, Mr. Niculescu George Sergiu and Mrs. Grajdan Vasilica were appointed.

THIS IS A FREE TRANSLATION FROM THE ROMANIAN VERSION. IN CASE OF ANY DIFFERENCES BETWEEN THE ROMANIAN AND ENGLISH VERSION, THE ROMANIAN VERSION PREVAILS

The development of the first small modular reactor (SMR)

Under the EGMS Resolution no. 2/15.02.2023 of the Ordinary General Meeting of SNN's Shareholders, the shareholders approved the revoked the approval of point 3 of the SNN EGMS Resolution no. 7/10.08.2022 on the establishment of a SNN business unit in Commune of Doicești, given that RoPower Nuclear SA had already established a business unit in that location.

Relocation of SNN's registered office

Under the EGMS Resolution no. 2/15.02.2023 of the Ordinary General Meeting of SNN's Shareholders, the shareholders approved relocation of the company's registered office to the address of Bucharest, sector 1, Bd. Iancu de Hunedoara nr. 48, ground floor and 4th, 5th and 13th floor, as well as the updating the Articles of Incorporation of SNN with the new registered office.

To add other events occurred before the publication date

13. STATEMENTS AND SIGNATURES

Based on the best available information, we confirm that the Stand-Alone Financial Statements and the Consolidated Financial Statements prepared in accordance with the applicable accounting standards (International Financial Reporting Standards approved by the European Union), provide an accurate and consistent picture of the Company's and Group's Financial Position, Financial Performance and Cash Flows for the financial year 2022. This report, produced in accordance with the provisions of Article 65 of Law no. 24/2017, as republished on 10 August 2021, on issuers of financial instruments and market operations, as subsequently amended and supplemented, and Appendix no. 15 of Regulation no. 5/2018 issued by the Financial Supervisory Authority, for the financial year ended on 31 December 2022, includes accurate and factual information about the development and performance of the Company and of the Group, as well as a description of the main risks and uncertainties specific to the business pursued.

**Chairman of the Board of Directors,
Teodor Minodor Chirica**

**CEO,
Cosmin Ghita**

**CFO,
Dan Niculaie-Faranga**

14. APPENDIX 1 - ARTICLES OF INCORPORATION AMENDED IN 2022

The amendment of the Articles of Incorporation was made by the vote of the Extraordinary General Meeting of the Company's Shareholders and is the outcome of the agreement reached, by vote, in the general meeting. According to the principles of the Organization for Economic Cooperation and Development ("OECD") on corporate governance, an effective corporate governance regime needs to be put in place that leads to transparency and efficiency, clearly regulates distribution of responsibilities, protects and facilitates the exercise of shareholders' rights, and ensures a fair treatment of all shareholders, including the minority shareholders.

SNN places great importance on corporate governance, as this is critical for striking a balance between the Company's bodies for increased protection of the majority shareholders and, in particular, of the minority shareholders, in order to achieve economic growth, efficiency and return.

In 2022, National Company Nuclearelectrica S.A. did not issue any amended articles of incorporation.

15. APPENDIX 2 - APPOINTMENT/REVOCATION ACTS OF 2022

In 2022, National Company Nuclearelectrica S.A. issued the following appointment/revocation acts:

1	BoD Resolution no. 22/10.02.2022	- appointment of Mr. Dan Niculaie-Faranga in the position of temporary Financial Director, with a 4-month term of office starting with 11 February 2022 until 10 June 2022
2	BoD Resolution no. 41/09.03.2022	- appointment of Serban Constantin Valeca as temporary Director, effective 9 March 2022, until the next Ordinary General Meeting of Shareholders - appointment of George Sergiu Niculescu as temporary Director, effective 9 March 2022, until the next Ordinary General Meeting of Shareholders
3	BoD Resolution no. 153/10.08.2022	- appointment of Mr. Dan Niculaie-Faranga in the position of temporary Financial Director, for 4 months, starting with 12 August 2022 until 12 December 2022
4	BoD Resolution no. 154/10.08.2022	- renewal of the CEO office for a 4-year term, effective 12 February 2022
5	BoD Resolution no. 186/27.09.2022	- appointment of Remus Vulpescu as temporary Director until the next GMS - appointment of Vasilica Grajdan as temporary Director until the next GMS
6	OGMS Resolution no. 5/28.04.2022	- Appointment of Serban Constantin Valeca as temporary member, effective 28 April 2022 - Appointment of George Sergiu Niculescu as temporary member, effective 28 April 2022
7	OGMS Resolution no. 6/10.08.2022	- Appointment of Minodor Teodor Chirica as non-executive director effective 29 September 2022, for a 4-year term of office - Appointment of Cosmin Ghita as executive director effective 29 September 2022, for a 4-year term of office - Appointment of Elena Popescu as non-executive director effective 29 September 2022, for a 4-year term of office - The appointment of Chirlesan Dumitru as temporary member of the Board of Directors, starting with 10 August 2022, for a 4-month term of office - Revocation of Serban Constantin Valeca from the office of member of the Board of Directors further to termination <i>de jure</i> of his office by decease.
8	OGMS Resolution no. 10/19.12.2022	- the appointment of Grajdan Vasilica as temporary member of the Board of Directors, for a 4-month term of office

		<ul style="list-style-type: none"> - The appointment of Vulpescu Remus Dumitru as temporary member of the Board of Directors, for a 4-month term of office - The appointment of Niculescu George Sergiu as temporary member of the Board of Directors, for a 4-month term of office
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16. APPENDIX 3 – LIST OF OFFICES

The Headquarters of S.N. Nuclearelectrica S.A. are in Bucharest, Sector 1, Strada Polonă, nr. 65.

17. APPENDIX 4 – LIST OF BRANCHES

S.N. “Nuclearelectrica” S.A. has two branch offices, without legal personality, as follows:

- ❖ Cernavodă NPP branch, with the registered office in County of Constanța, Town of Cernavodă, str. Medgidiei nr. 2, registered with the Trade Register under no. J13/3442/11.10.2007, which operates Units 1 and 2, as well as the ancillary services.
- ❖ NFP Pitești Branch, with the registered office in County of Argeș, Town of Mioveni, Strada Campului, nr. 1, registered with the Trade Register under no. J03/457/24.08.1998, which produces the nuclear fuel bundles needed for operation of Units 1 and 2 of Cernavodă NPP.

18. APPENDIX 5 – LIST OF SUBSIDIARIES

As at 31 December 2022, SNN holds participating interests in three subsidiaries: S.C. Energonuclear S.A., Fabrica de Prelucrare a Concentratelor de Uraniu - Feldioara S.R.L Branch, and Nuclearelectrica Serv S.R.L.

Energonuclear S.A.

Energonuclear S.A. branch (“Energonuclear”) has its registered office located in Bucharest, sector 2, Bd. Lacul Tei, nr. 1 - 3, Lacul Tei Offices Building, 8th floor and is registered with the Trade register under number J40/3999/25.03.2009, with Unique Registration Code 25344972, tax attribute RO. The main activity of Energonuclear consists in “Engineering activities and related technical consultancy” - NACE Code 7112. It was established for the purpose of developing and implementing the project for Units 3 and 4 of Cernavodă NPP.

As at 31 December 2022, SNN holds 100% of the share capital of Energonuclear. The value of the shareholding is RON 199,438,105 (31 December 2021: RON 172,438,108).

Fabrica de Prelucrare a Concentratelor de Uraniu - Feldioara S.R.L.

F.P.C.U Feldioara Branch has its registered office located in Brasov County, Feldioara Locality, Str. Dumbravii nr. 1, the administrative building, ground floor and is registered with the Trade Register under number J8/2729/23.09.2021, with Unique Registration Code 44958790, tax attribute RO. The main activity of FPCU Feldioara consists in “Processing of nuclear fuel” – NACE Code 2446.

As at 31 December 2022, SNN holds 100% of the share capital of F.P.C.U Feldioara, the value of the shareholding is RON 200.

Nuclearelectrica Serv S.R.L.

Nuclearelectrica Serv S.A. branch has its registered office located in Constanța County, Cernavodă Locality, Str. Energiei nr. 21, Hotel nr. 2, Building B, 1st floor and is registered with the Trade Register under number J13/4108/17.12.2021, with Unique Registration Code 45374854, tax attribute RO. The main activity of Nuclearelectrica Serv consists in “Other human resources provision” - NACE Code 7830.

As at 31 December 2022, SNN holds 100% of the share capital of Nuclearelectrica Serv, the value of the shareholding is RON 200.

19. APPENDIX 6 - LIST OF MAJOR PENDING DISPUTES AS AT 31 DECEMBER 2022 (MORE THAN RON 500 THOUSAND), INCLUDING THOSE NOT ATTACHED A MONETARY VALUE

No.	Case number	Nature of litigation/ Court	SNN capacity	Opposite party	Value	Stage	Description	Procedura I stage Hearing
SNN Executive								
1.	9089/101/2013	Civil Mehedinți Tribunal	Creditor	Autonomous Authority for Nuclear Activities (RAAN)	Insolvency. Bankruptcy, liquidator appointed. Receivable RON 7,828,405.48	merits	Merits. Pending insolvency proceedings.	15.06.2023
2.	873/1259/2008	Civil Argeș Tribunal	Creditor	Termoficare 2000 S.A.	Insolvency. Bankruptcy. Receivable RON 2,713,986.71	higher appeal	Solution on substance: Admits the request filed by the judicial liquidator to close the insolvency procedure of the debtor. Orders the closing of the insolvency procedure of debtor TERMOFICARE 2000 S.A. and its removal from the trade registry. Discharge the judicial liquidator from liability, to the extent provided by law, in relation to any duties or responsibilities regarding the procedure, the debtor and the debtor's estate, the creditors, holders of preferential rights, or shareholders. Orders the notification of the sentence to close the procedure: - TO THE REGIONAL GENERAL DIRECTORATE OF PUBLIC FINANCE PLOIESTI - THE COUNTY ADMINISTRATION OF PUBLIC FINANCE ARGEȘ, - TO THE OFFICE OF THE COMMERCE REGISTRY, in order to make the mention, - TO THE OFFICE OF REGISTRATION AND REAL ESTATE ADVERTISING, in order to include, if necessary, notes on the closing of the procedure, - to all creditors, by publication in BPI. Enforceable. With appeal within 10 days from communication of the decision. Decision 481/2022 25 October 2022	Hearing pending

No.	Case number	Nature of litigation/ Court	SNN capacity	Opposite party	Value	Stage	Description	Procedura I stage Hearing
							Higher appeal. Regularization procedure. ANAF lodged a higher appeal.	
3.	1794/118/2016	Criminal Constanța Tribunal Constanța Court of Appeal	Civil party	Bucur Ionel Negulici Elena Olteanu Madalina Encica Ionel Nicola Laurentiu Daramus Victor S.C. Davy Security S.R.L. party held liable for civil liability, by judicial administrator.	Damage EUR 3,471,463.	appeal	Solution on substance: the act is not provided by the criminal law (article 10 letter b of the Criminal Procedure Code). Based on Article 396 para. 5 of the Criminal Procedure Code in relation to Article 17 para. 2 of the Criminal Procedure Code and Article 16 lit. b of the Criminal Procedure Code, finds defendant Bucur Ionel not guilty on the charge of abuse of office, if the public officer obtained for himself or for the benefit of others undue benefits provided by article 132 of Law no. 78/2000 in relation to Article 297 para. 1 of the Criminal Code, with the application of Articles 309 and 183 of the Criminal Code, with the application of Article 5 of the Criminal Code (fraudulent award of the physical security and monitoring service to S.C. Davi Security S.R.L.; S.C. Davi Protect & Security S.R.L., S.C. Davi Protect Comp S.R.L.) and on the charge of conflict of interests provided in Article 301 of the Criminal Code with the application of Article 5 of the Criminal Code (Conflict of interests related to securing building FE5 by S.C. Davi Security S.R.L./S.C. Davi Protect & Security S.R.L., S.C. Davi Protect Comp, S.C. Energosecurent S.R.L.). Based on Article 396 para. 5 of the Criminal Procedure Code in relation to Article 17 para. 2 of the Criminal Procedure Code and Article 16 lit. b of the Criminal Procedure Code, finds defendant Negulici Elena Marinela not guilty on the charge of abuse of office and on the charge of conflict of interests provided in Article 301 of the Criminal Code with the application of Article 5 of the Criminal Code, finds defendant Encica Ionel not guilty on the charge of abuse of office, finds defendant Nicola Laurentiu Theodor not guilty on the charge of abuse of office, finds defendant Daramus Victor not guilty on the charge of complicity in abuse of office, finds defendant Olteanu Madalina not guilty on the charge of abuse of office, based on Article 397 of the Criminal Procedure Code and Article 25 of the Criminal Procedure Code, Rejects the civil action filed by the civil	30.03.2023

No.	Case number	Nature of litigation/ Court	SNN capacity	Opposite party	Value	Stage	Description	Procedura I stage Hearing
							party SN Nuclearelectrica S.A., as unfounded. Removes the distraint established by Ordinance no. 279/P/2015 of 06.01.2016 of DNA - ST Constanța, as amended by conclusion no. 9/19.01.2016 of Constanța Tribunal and by Ordinance no. 279/P/2015 of 11.02.2016 of DNA - ST Constanța, on the property of defendants Bucur Ionel, Negulici Elena - Marinela and Daramus Victor. Based on Article 275 para. 3 of the Criminal Procedure Code, the legal expenses advanced by the state remain in its charge. With appeal within 10 days from communication. Rendered in public session this day of 19 February 2021, Judgment no. 125/19.02.2021. Appeal. Pending try	
4.	409/2/2016	Bucharest Court of Appeal	Civil party	Tudor Ion Criminal group Banat Insolvency House liquidator of CET Energoterm Resita.	Charges of tax evasion, forgery, giving and accepting bribes RON 580,974.21.	merits	Merits. Procedure in progress.	10.02.2023
5.	41419/3/2016	Civil Bucharest Tribunal - 2nd Section Bucharest Court of Appeal	Claimant-Defendant	Energosec S.R.L.	SNN claims: RON 330,074.32 Energosec claims:	higher appeal	Solution on substance: Partly upholds the main claim. Obliges the defendant to pay to the claimant the amount of RON 337,569.25, of which RON 273,341.76 representing amounts paid in excess following the reduction of the social insurance contribution, RON 64,254.49 representing corresponding VAT, plus the statutory interest of RON 31,399.28. Admits the counterclaim, as clarified, and therefore: Obliges the claimant - defendant to pay to the defendant - claimant the amount of RON 1,257,880.8, representing the value of invoices issued and paid for security services provided during 1 July 2014 - 28 February 2016, of which RON 1,022,112.46	Completed

No.	Case number	Nature of litigation/ Court	SNN capacity	Opposite party	Value	Stage	Description	Procedural stage Hearing
					RON 2,206,539.80		<p>representing the principal amount and the amount of RON 235,786.34 representing corresponding VAT. Sets off the judicial expenses. With right of appeal within 15 days from communication. Rendered this day of 18 May 2021.</p> <p>Solution on the higher appeal: Take note of the appellant-defendant's waiver of higher appeal try. Upholds the request to be refunded the judicial stamp duty and orders the appellant-defendant to refund the judicial stamp duty of RON 8,431.75. Pursuant to Article 38 of the Government Emergency Ordinance no. 80/2013, orders the appellant-claimant to pay the judicial stamp duty of RON 4,776.83, due for the proceedings on substance. Dismisses the plea of the nullity of the higher appeal lodged the appellant-claimant as unfounded. Upholds the higher appeal lodged by the appellant-claimant against the against the sentence on civil matters no. 3345/18.05.2021. Dismisses the higher appeals lodged by the appellant-claimant against the Minutes of 20 June 2017 and the sentence on civil matters no. 5846/12.10.2021, as unfounded. Quashes in part the sentence no. 3345/18.05.2021 as regards the dismissal of the main claim as stated regarding the award of statutory interest further on until the effective payment, and rehearing the case, orders the defendant to pay to the claimant statutory interest of RON 337,569.25 further on, until the effective payment date. Maintains the rest of sentence no. 3345/18.05.2021. Judgment no. 2900/2022 17 November 2022</p> <p>Final.</p>	
6.	5802/118/2017	Labour Constanța Tribunal	Defendant	NPP Union on behalf of 757 employees.	Money rights dangerous conditions bonus.	merits	<p>Merits. Pending try</p> <p>Submission of accounting expert report.</p>	10.03.2023

No.	Case number	Nature of litigation/ Court	SNN capacity	Opposite party	Value	Stage	Description	Procedura I stage Hearing
7.	7036/118/2017	Labour Constanța Tribunal	Defendant	SLEN Union on behalf of 132 employees 159 claimants in their own name.	Money rights dangerous conditions bonus.	appeal	<p>Solution on substance: Rejects the claim as unfounded. Admits the request filed by the technical judicial expert LAZAROAIA REMULUS. Sets the final fee to be paid to the technical judicial expert LAZAROAIA REMULUS for the technical judicial expert report in the field of accounting at the amount of RON 12,000.00. It obliges the claimants to pay to Constanța Tribunal - Local Office of Technical Judicial Expert Reports the amount of RON 1000, as remaining expert fee, in favour of the judicial expert Lazaroaia Remulus. It obliges the defendant to pay to Constanța Tribunal - Local Office of Technical Judicial Expert Reports the amount of RON 1000, as remaining expert fee, in favour of the judicial expert Lazaroaia Remulus. Enforceable in what regards the obligation to pay the expert fee. Obliges the claimants to equally participate in the payment to the defendant of RON 59,221.94, as court expenses. With right of appeal within 10 days from communication. The appeal application shall be filed with Constanța Tribunal, under the penalty of nullity. Rendered this day of 17 June 2022, the judgment being made available to the parties through the court's registry. Decision 2205/2022 17 June 2022</p> <p>Appeal. Pending try</p> <p>The trade union lodged an appeal.</p>	13.02.2023
8.	35162/299/2018* /a1	Civil - Bucharest Sector 1 Court, 2nd Civil Section	Garnishee - SNN Appellant Debtor AAAS Respondent	Ionita Stefan – enforcement file 959/2010 BEJ Draganescu, Ionescu, Crafcenco	Opposition to enforcement RON 2,089,042.69.	merits retrial	<p>Solution on substance: Rejects the plea of lack of capacity to be sued of the garnishee as unfounded. Rejects the opposition to enforcement as ungrounded. With appeal within 15 days from communication. Judgment no. 1611/21.03.2019.</p> <p>Solution on the higher appeal: Upholds the higher appeal. Admits the plea of lack of mandatory capacity to be sued, invoked <i>ex officio</i>. Quashes the sentence and submits the case for retrial to the same court. Irrevocable. Rendered in public session this day of 14 January 2020. Judgment no. 7/14.01.2020.</p>	stayed

No.	Case number	Nature of litigation/ Court	SNN capacity	Opposite party	Value	Stage	Description	Procedural stage Hearing
			Ionita Stefan.				<p>Retrial of merits: stayed on grounds of article 412 of the New Civil Procedure Code until the submission of the proof of capacity of heirs.</p> <p>Solution on the higher appeal for retry and stay: Rejects the higher appeal as unfounded. Irrevocable.</p>	
9.	36200/3/2019	Civil Bucharest Tribunal	Claimant	Ministry of Economy, Energy and Business Environment.	RON 2,217,600 plus interest and inflation ratio - damage representing the difference of the variable allowance collected by the members of the Board of Directors and by directors for the period 2015 - 2017.	merits	Merits. Pending try	07.03.2023
10.	6026/109/2019	Labour Argeş Tribunal	Defendant	Gheba Florin Ovidiu.	Challenge Decision no. 344/17.10.2019 termination of individual employment agreement and Decision no. 300/12.09.2019 disciplinary investigation committee.	merits	<p>Solution on substance: Upholds in part the main claim. Sets aside the decision no. 300/12.09.2019 issued by the respondent. Dismisses the plea of lack of interest. Upholds in part the ancillary claim. Sets aside the decision no. 344/17.10.2019 on the termination de jure of the claimant's employment agreement contract, and orders his reemployment to the previously held job. Obliges the respondent to pay the claimant a compensation equal to the indexed, increased and updated salaries and the other rights that he would have benefited from as of the date of the termination de jure of the agreement and until his effective reemployment, plus the statutory penalty interest as of the due date and further on until effective payment of the debts. Dismisses the head of claim seeking to have the defendant ordered to pay the court expenses. Provisionally</p>	

No.	Case number	Nature of litigation/ Court	SNN capacity	Opposite party	Value	Stage	Description	Procedural stage Hearing
							enforceable <i>de jure</i> . With right of appeal within 10 days from communication.	
11.	5462/2/2019	Administrative dispute Bucharest Court of Appeal HCCJ	Claimant	Bucharest Regional General Directorate of Public Finance General Directorate for the Administration of Large Taxpayers.	Cancellation of tax documents	higher appeal	Solution on substance: Admits the plea of lack of capacity to be sued of defendant Bucharest Regional General Directorate of Public Finance. Rejects the claim filed by claimant S.N. Nuclearelectrica S.A. against defendant Bucharest Regional General Directorate of Public Finance, as being filed against a person lacking capacity to be sued. Admits the plea of limitation of the right to sue. Rejects the introductory claim filed by claimant S.N. Nuclearelectrica S.A. against defendant ANAF - General Directorate for the Settlement of Challenges, as being time barred. Admits the plea of inadmissibility. Rejects the introductory claim filed by claimant S.N. Nuclearelectrica S.A. against defendant General Directorate for the Administration of Large Taxpayers, as inadmissible. With right of appeal within 15 days of service. Judgment no. 985/22.06.2021 Higher appeal. Regularization procedure	Hearing pending
12.	97/2/2020	Civil Bucharest Tribunal. Bucharest Court of Appeal HCCJ	Claimant.	ANRE (Romanian Energy Regulatory Authority).	Cancellation of administrative act order no. 216/11.12.2019.	higher appeal	Solution on substance: Rejects the claim. Judgment in brief: admits the plea of time barring of additional claims, as invoked by the defendant. Rejects the action for cancellation of Decisions no. 2213/23.12.2019 and no. 2214/23.12.2019, i.e. notification no. 110703/23.12.2019, as being time barred. Rejects the remaining introductory claim, as ungrounded. With appeal within 15 days from communication, the request to be filed with Bucharest Court of Appeal - 8th Section Administrative and Fiscal Disputes. Rendered this day of 31 July 2020, the judgment being made available to the parties through the court's registry. Judgment no. 681/31.07.2020. Solution on the higher appeal: Rejects the higher appeal filed by the claimant National Company Nuclearelectrica SA against civil sentence no. 681 of 31 July 2020 and of the conclusion of 10 July	

No.	Case number	Nature of litigation/ Court	SNN capacity	Opposite party	Value	Stage	Description	Procedura I stage Hearing
							<p>2020, of the Bucharest Court of Appeal - 8th Section Administrative and Fiscal Disputes, as unfounded. Final. Rendered this day of 30 June 2022, the judgment being made available to the parties through the court's registry.</p> <p>Related file 97/2/2020/a1 of the High Court of Cassation and Justice, the court upheld the request to refer the matter to the Constitutional Court and the referral no. 1658D/2022 was filed with the Constitutional Court on 30 June 2022. The file is in the report stage.</p>	
13.	3083/3/2020	Civil Bucharest Tribunal. Bucharest Court of Appeal HCCJ	Claimant.	Transelectrica - National Company for the Transmission of Electricity.	RON 1,472,785	higher appeal	<p>Solution on substance: Upholds the introductory claim. It obliges the defendant to pay to the claimant the amount of RON 1,290,533.156, as indemnification, to pay this amount adjusted for inflation from 27 September 2018 until the date of actual payment, to pay the amount of RON 182,251.94 representing the statutory penalty interest calculated from 27 September 2018 until 31 January 2020, as well as to further pay the statutory penalty interest, calculated from 1 February 2020 until the date of actual payment. Obliges the defendant to pay to the claimant the amount of RON 23,441.66, as court expenses, consisting in judicial stamp tax. Rejects the defendant's claim for court expenses as unfounded. With right of appeal within 30 days from communication. The appeal shall be filed with Bucharest Tribunal, 6th Civil Section. Rendered this day of 22 December 2020, the judgment being made available to the parties through the court's registry. Judgment no. 2698/22.12.2020</p> <p>Solution on appeal: Upholds the appeal. Partly changes the appealed civil sentence, namely: Rejects the introductory claim as ungrounded. Maintains the first court judgment to reject the defendant's request to be paid court expenses as unfounded. Obliges the respondent-claimant to pay the appellant-defendant the amount of RON 20,591.66, as appeal court expenses. With appeal within 30 days from communication, the request to be filed with Bucharest</p>	Stayed

No.	Case number	Nature of litigation/ Court	SNN capacity	Opposite party	Value	Stage	Description	Procedural stage Hearing
							<p>Court of Appeal - 6th Civil Section. Rendered this day of 25 November 2021, the judgment being made available to the parties through the court's registry. Document: Judgment 1927/2021 25 November 2021.</p> <p>Higher appeal:</p> <p>Pursuant to Article 413 para. (1) point 1 of the Civil Procedure Code, stays the higher appeal declared by the appellant-claimant NATIONAL COMPANY NUCLEARELECTRICA SA against the civil decision no. 1927/A/25.11.2021, rendered by the Bucharest Court of Appeal - 6th Civil Section, until the final settlement of file no. 2659/2/2020, pending before the High Court of Cassation and Justice - Administrative and Fiscal Disputes Section. Final.</p>	
14.	1506/118/2020	Civil/ Constanța Tribunal	Claimant.	U.A.T. Seimeni commune, Romanian State through the Ministry of Public Finance, the Ministry of Economy, Energy and the Business Environment, Government of Romania.	Action to find the right of use, servitude, free use of publicly owned land.	merits	<p>Solution on substance: Rejects the plea of inadmissibility of invoking the plea of unlawfulness of Local Council Decision no. 7/2009 of Seimeni UAT. Admits the plea of unlawfulness of Local Council Decision no. 7/2009 of Seimeni UAT. Orders the removal from the land book 101215 Seimeni of the right of private ownership of Seimeni UAT. Accepts the plea of inadmissibility of claims against the Romanian State through the Ministry of Public Finance. Rejects the claims against the Romanian State through the Ministry of Public Finance as inadmissible. It rejects the remaining portions of the claims against UAT Seimeni as unfounded. Orders the defendant UAT Seimeni to pay to the claimant RON 3,000 as court expenses. With right of appeal, to be submitted to Constanța Tribunal, within 30 days from communication. Judgment 1136/ 1 April 2022. Sentence on substance pending drafting</p>	Decision to be drafted
15.	1663/118/2020*	Civil	Claimant		Action to find the right of management of the land	higher appeal	<p>Solution on substance: Rejects the plea of lack of capacity to be sued of the Ministry of Environment, Waters and Forests, invoked by the latter in its statement of defence, as unfounded. Admits the</p>	29.03.2023

No.	Case number	Nature of litigation/ Court	SNN capacity	Opposite party	Value	Stage	Description	Procedura I stage Hearing
		Constanța Tribunal		Romanian state through the Ministry of Public Finance. Romanian Waters National Administration. Dobrogea Seaside Water Basin Administration.	corresponding to the Valea Cismelei hydrographic basin, right of usage, servitude, free use of publicly owned land of 31,050 sqm and 73,428 sqm.		<p>plea of inadmissibility of the introductory claim filed by claimant S.N. Nuclearelectrica S.A. against defendants State of Romania, through the Ministry of Finance, Romanian Waters National Administration, Dobrogea Seaside Water Basin Administration and the Ministry of Environment, Waters and Forests, a plea invoked <i>ex officio</i>. Rejects the introductory claim filed by claimant S.N. Nuclearelectrica S.A. against defendants Romanian State, through the Ministry of Finance, Romanian Waters National Administration, Dobrogea Seaside Water Basin Administration and the Ministry of Environment, Waters and Forests as inadmissible. With right of appeal within 30 days from communication. Judgment no. 891/17.06.2021.</p> <p>Solution on appeal: Upholds the appeal. Partly cancels both conclusion of 17 March 2021 on rejecting the topographic expert report evidence, and civil sentence no. 891/17.06.2021 on the judgment regarding the plea of inadmissibility and its relevance in the introductory claim. Maintains the other provisions of the conclusion and of the appealed sentence. With appeal within 30 days from communication; the appeal application shall be filed with Constanța Tribunal, under the penalty of nullity. Rendered this day of 11 March 2022, the judgment being made available to the parties through the court's registry. The minutes erroneously failed to mention "Resends the case for retrial to the court of first instance. Judgment 391/ 11 March 2022</p> <p>Higher appeal. Pending try</p>	
16.	2659/2/2020	administrative disputes/ High Court of Cassation and Justice	Claimant	ANRE	Cancellation of Order no. 12/2016.	merits	<p>Solution on substance: Rejects as unfounded the request to reinstate the material right to action outside the limitation term. Accepts the plea of time barring of the right to action. Rejects the request as time barred. The court upholds in part the request for referral to the Constitutional Court and orders its referral with the resolution of the plea of unconstitutionality of the provisions of Article 5 para. 7 of GEO no. 33/2017 for the amendment and</p>	Case referred back for retry

No.	Case number	Nature of litigation/ Court	SNN capacity	Opposite party	Value	Stage	Description	Procedural stage Hearing
							<p>supplementation of the Electricity Law no. 13/2007 and Gas Law no. 351/2004, approved by Law no. 160 of 2 October 2012. Rejects the remaining portion of the referral to the Constitutional Court as inadmissible. With appeal within 48 hours, regarding the rejection as inadmissible of the referral to the Constitutional Court. With appeal within 15 days from communication. Judgment no. 139/09.02.2021.</p> <p>Solution on the higher appeal: Upholds the higher appeal lodged by the claimant National Company Nuclearelectrica S.A., against the civil sentence no. 139 of 9 February 2021 of Bucharest Court of Appeal - 8th Division for Administrative and Tax Disputes. Quashes the appealed sentence and refers the case back for retrial to the court which heard the substance of the case. Final.</p> <p>Case referred back for try to the first court</p>	
17.	16597/3/2020	Civil/ Bucharest Tribunal	Claimant-Defendant	General Concrete Cernavodă S.R.L.	Enforcement of administrative act RON 2,760,296,490	merits	<p>Merits. Pending try</p> <p>Administration of technical construction expert report evidence.</p>	20.03.2023
18.	3570/2/2020	Administrative disputes/ High Court of Cassation and Justice	Claimant	ANRE	Cancellation of documents issued by regulatory authorities. Order no. 88/2020.	merits	<p>Solution on substance: Rejects the clarified claim, as unfounded. With appeal within 15 days from communication. Judgment no. 247/04.03.2021.</p> <p>Higher appeal. Pending try</p>	02.03.2023
19.	544/109/2015	Civil/ Argeş Tribunal	Appellant CNU	Goga Gheorghe	Patents.	appeal	<p>Solution on substance: Partly upholds the claim. Obliges the defendant to pay RON 4,015,582 representing patrimonial rights deriving from the exploitation of the technical procedures which are</p>	stayed

No.	Case number	Nature of litigation/ Court	SNN capacity	Opposite party	Value	Stage	Description	Procedura I stage Hearing
		Pitești Court of Appeal					<p>the object of inventions during 2014 - 2018. With appeal. Judgment no. 343/26.09.2018.</p> <p>Appeal</p> <p>Pursuant to the provisions of article 75 paragraph 1 of Law no. 85 of 25 June 2014 on procedures for the prevention of insolvency and insolvency, stays the case. With right to appeal during the stay, to be filed with Pitești Court of Appeal. Rendered in public session this day of 4 May 2022. Document: Conclusion - Stay 4 May 2022:</p>	
20.	4419/2/2021 and 1720/1/2022	Administrative Disputes Bucharest Court of Appeal	Claimant	Romanian Government	Stay of enforcement and cancellation of Government Decision no. 1041/2003.	higher appeal	<p>Solution on substance - stay of execution</p> <p>Rejects the request to stay the enforcement as unfounded. With appeal within 15 days from communication, filed with this court. Rendered this day of 13 April 2022, the judgment being made available to the parties through the court's registry.</p> <p>Solution on higher appeal - stay of execution - Case no. 4419/2/2021.</p> <p>Dismisses the higher appeal lodged the claimant National Company Nuclearelectrica S.A. against the Minutes of 13 April 2022 of Bucharest Court of Appeal - 8th Division for Administrative and Tax Disputes, as unfounded. Final</p> <p>Solution on substance - setting aside of the Government Decision no. 1041/2003</p> <p>Rejects the claim as unfounded. With appeal within 15 days from communication, filed with this court. Document: Judgment 887/2022 11.05.2022.</p> <p>Higher appeal - pending try - Case no. 1720/1/2022</p>	08.03.2023

No.	Case number	Nature of litigation/ Court	SNN capacity	Opposite party	Value	Stage	Description	Procedura I stage Hearing
21.	25751/3/2021	Labour Bucharest Tribunal	defendant	Botea Ceciliu Lucian	challenge against decision to terminate employment	merits	Solution on substance: Rejects the claim as unfounded. With appeal within 10 days from communication. Document: Judgment no. 3753/2022 31 May 2022. Higher appeal. Pending try	05.05.2023
22.	2873/120/2022	administrative disputes Dâmbovița Tribunal	defendant	Ion Dragos Poescu	access to public information Law no. 544/2001 on the S&L Study on the SMR Doicești location	merits	Merits: pending delivery 15 February 2023	
23.	23089/3/2022	insolvency Bucharest Tribunal	creditor	Compania Nationala a Uraniului	receivable 7,811,840.50	merits	Merits. Procedure pending	13.03.2023
24.	35670/3/2022	administrative disputes Bucharest Tribunal	claimant	Dat Constructive SRL	claims 1,021,148.48	merits	Merits. Procedure pending	Hearing pending
25.	25192/3/2022	civil Bucharest Tribunal	defendant	SSG Fire & Rescue SRL	715,747.50	merits	Merits. Procedure pending	Hearing pending

No.	Case number	Nature of litigation/ Court	SNN capacity	Opposite party	Value	Stage	Description	Procedural stage Hearing
26.	6471/2/2018	administrative disputes High Court of Cassation and Justice	claimant	The Court of Auditors		higher appeal	<p>Solution on substance: Upholds the claim. Partially annuls Conclusion no. no. 29/31.07.2018, i.e. its item 1, and Decision no. 5/08.06.2018, i.e. the measure ordered in item I.4 to remove the deviation described in item 4. Obliges the defendant to pay court expenses.</p> <p>Solution on the higher appeal: Rejects the higher appeal filed by the defendant Romanian Court of Auditors against Civil Sentence no. 1229 of 29 March 2019 of Bucharest Court of Appeal - 8th Section Administrative and Fiscal Disputes, as unfounded. Final.</p>	Completed
Cernavodă NPP Branch								
1.	28330/3/2021	Civil/Bucharest Court of Appeal	Defendant	UNICOMP	<p>Civil dispute - cancellation of finding document/works contract 487/2020</p> <p>Claims to return penalties charged without justification amounting to RON 77,760 and indemnifications for unrealized benefits amounting to RON 804,425.64</p>	appeal	<p>Solution on substance: Upholds the introductory claim, as clarified, filed by claimant SC UNICOMP SA against defendant NUCLEARELECTRICA SA. Cancels the Termination Notice no. CNE/624/02.03.2021 issued by defendant NUCLEARELECTRICA SA in what regards the Sectoral Works Contract no. 487/13.04.2020. Cancels the Findings Document no. 697/11.03.2021 corresponding to Sectoral Works Contract no. 487/13.04.2020. Obliges the defendant NUCLEARELECTRICA SA to repay to the claimant UNICOMP SA the amount of RON 77,760 representing delay penalties. Obliges defendant NUCLEARELECTRICA SA to pay to the claimant UNICOMP SA the amount of RON 804,425.64 representing indemnifications corresponding to the unrealized benefit. Obliges defendant NUCLEARELECTRICA SA to pay to the claimant UNICOMP SA the amount of RON 41,000 as court expenses. On grounds of article 44 paragraph 4 in correlation with article 41 of Government Emergency Ordinance no. 80/2013 on judicial stamp taxes, obliges defendant NUCLEARELECTRICA SA to pay the amount of RON 46,548.80 as judicial stamp tax for which the amount of the tax was reduced. Rejects the defendant's claim to be paid court expenses, as</p>	Completed

							<p>unfounded. With right of appeal within 10 days from communication. Document: Judgment 1857/2022 17 August 2022</p> <p>Solution on appeal: Dismisses the main appeal as unfounded. Orders the appellant-defendant to pay the respondent-claimant the amount of RON 7,140 as court expenses. Dismisses the incidental appeal as unfounded. Document: Judgment 1811/2022, 16.11.2022. Final.</p>	
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20. APPENDIX 7 – STATUS OF IMPLEMENTING THE CORPORATE GOVERNANCE CODE OF THE BUCHAREST STOCK EXCHANGE

No.	Provisions of the Code	Observes	Does not observe or partially observes	Reason for non-observance	Remedy time-limit
A.1	All companies must have an internal regulation of the Board which sets out the terms of reference/responsibilities of the Board and the key management functions of the company, and which applies, <i>inter alia</i>, the General Principles of Section A.	SNN has an Internal Regulation for the organization and functioning of the Board of Directors and a Corporate Governance Regulation that contains the terms of reference, the responsibilities of the executive management, the Board of Directors and the GMS, as well as the key management functions and the responsibilities of the Advisory Committees of the Board of Directors, in accordance with the General Principles contained in Section A of the Corporate Governance Code. These terms of reference/responsibilities are made known to the public through the Organization and Functioning Regulations of the Board of Directors and through the Governance Regulations published on the Company's website, under the "Investor Relations/Corporate Governance" Section.			
A.2	Provisions for the management of conflicts of interest must be included in the Board's Regulation. In any case, the Board members are required give notice to the Board of any conflicts of interest that have occurred or may occur and refrain from participating in any discussions (including by absenting, save for when such not absence would prevent reaching the quorum) and voting in favour of passing a resolution on the matter that gives rise to that conflict of interest.	The provisions regulating the management of conflicts of interests are included in the Organization and Functioning Regulation of the Board of Directors, as well as in the Corporate Governance Regulation, published on the SNN website. As to management of conflicts of interest, each member of the Board of Directors makes sure they avoid of any direct or indirect conflict of interest with the Company, and should such a conflict occur, they will abstain from the debates and casting their vote on the that matters, in accordance with the legal provisions in force.			
A.3	The Board of Directors or the Supervisory Board must consist of at least five members.	The Board of Directors of SNN consists of 7 members. The information about the BoD membership is published in the Annual Report, in the Organization and Functioning Regulation of the Board of Directors and on the website, under the "Investor Relations/Board of Directors" section.			

No.	Provisions of the Code	Observes	Does not observe or partially observes	Reason for non-observance	Remedy time-limit
A.4	<p>The majority of the members of the Board of Directors must not hold an executive position. At least one member of the Board of Directors or the Supervisory Board must be independent, for companies of the Standard Category. For companies of the Premium Category, not less than two non-executive members of the Board of Directors or the Supervisory Board must be independent. Each independent member of the Board of Directors or the Supervisory Board, as the case may be, must submit a declaration at the time of their nomination for election or re-election, as well as when at any change in their status, indicating the elements based on which they consider themselves independent in terms of character and judgement.</p>	<p>SNN falls into the Premium Category, is administered by a Board of Directors with 4-year term of office as at 31 December 2022 and formed of 7 non-executive members; 2 of the 7 members of the Board of Directors are independent according to the criteria laid down in Section A. In 2022, both the members of the Board of Directors appointed to temporary office, as well as those appointed to a 4-year office submitted their declarations of independence based on the criteria provided at Article 138²(2) of the Law of Companies no. 31/1990 and based on the criteria set out at paragraph A4 of the Bucharest Stock Exchange's Corporate Governance Code. The Annual Report presents information about the status of independent members of the Board of Directors under the chapter "Corporate Governance Declaration". This information also is published on the SNN website.</p>			
A.5	<p>Other commitments and relatively-permanent professional obligations of a member of the Board, including of the executive and non-executive positions in the Board of companies and non-for-profit institutions, must be disclosed to shareholders and potential investors before nomination and during their office.</p>	<p>Under its section "Corporate Governance Declaration", the Annual Report presents information about other commitments and professional obligations of the members of the Board of Directors, including of the executive and non-executive office in the Board of other companies. This information is available also on the SNN website, under the "Investor Relations/Corporate Governance/Board of Directors" section.</p>			
A.6	<p>Any member of the Board must disclose to the Board information about any relationship with a shareholder who directly or indirectly holds shares accounting for more than 5% of all voting rights. This obligation refers to any kind of relationship that could affect the member's position on the matters decided on by the Council.</p>	<p>This provision is included in the Regulation on the Organization and Functioning of the Board of Directors. The information about the relationships with shareholders who directly or indirectly own more than 5% of the SNN shares was reviewed against the declarations given according to the criteria laid down at Article 138²(2) of the Law of Companies no. 31/1990 and the criteria set out at paragraph A4 of the Bucharest Stock Exchange's Corporate Governance Code. In 2022, 2 members of the Board of Directors were employees of the Ministry of Energy, a shareholder that directly owns more than 5% of all voting rights: Elena Popescu and George Niculescu, and one member, Vasilica Grajdan, is employed by Transgaz.</p>			

No.	Provisions of the Code	Observes	Does not observe or partially observes	Reason for non-observance	Remedy time-limit
A.7	The Company is required to appoint a secretary of the Board in charge of supporting the Board's activity.	The name of the secretary of the Board of Directors is published in the 2022 SNN Annual Report, under the "Corporate Governance Declaration" section.			
A.8	The Corporate Governance Declaration will inform you whether there has been any appraisal of the Board under the steering of the Chairman or of the Nomination Committee and, if so, it will summarize the key measures and changes resulting therefrom. The Company is required to have in place a policy/guidelines for appraisal of the Board, including the purpose, criteria and frequency of the appraisal process.	According to the legal provisions of the Government Emergency Ordinance no. 109/2011, in 2022, the activity of the members of the Board of Directors was appraised against performance indicators, and the report on the degree of their attainment was published in the quarterly reports of the Board of Directors.	The appraisal of the Board of Directors' members is carried out based on the performance indicators approved by the General Meeting of Shareholders and reported quarterly, semi-annually and annually in the reports of the Board of Directors.		
A.9	The Corporate Governance Declaration must contain information about the number of meetings of the Board and its committees in the last year, the Directors' participation (in person and <i>in absentia</i>) therein, and a report of the Board and its committees on their activities.	The 2022 Annual Report includes information about the number of meetings of the Board of Directors in 2022, as well as about Directors' participation therein, under the "Corporate Governance Declaration" section. The reports of the advisory committees set out under the Board of Directors are also presented in the 2022 Annual Report.			
A.10	The Corporate Governance Declaration must include information about the exact number of independent members of the Board of Directors or the Supervisory Board.	The 2022 Annual Report presents the exact number of independent members under the "Corporate Governance Declaration" section.			

No.	Provisions of the Code	Observes	Does not observe or partially observes	Reason for non-observance	Remedy time-limit
A.11	The Board of the companies falling in the Premium Category must set up a Nomination Committee formed of persons holding executive positions, which Committee will steer the procedure for nomination of new members to the Board and will make recommendations to the Board. The majority of the members of the Nomination Committee must be independent.	SNN has a Nomination and Remuneration Committee established back in 2013. The membership of the Nomination Committee is presented on the website and in the Annual Report of the Company. The members of the Nomination and Remuneration Committee are non-executive members.	One member of the Nomination and Remuneration Committee is an independent non-executive director.		
	The terms of reference of the Nomination Committee will include a provision according to which the Nomination Committee is formed of persons without executive positions and will lead the nomination procedure for the new Board members and will make recommendations to the Board.	Such a provision can be found in the Regulation of the Nomination and Remuneration Committee. The members of the Nomination Committee are non-executive.			
B.1	The Board is required establish an Audit Committee, of which at least one member must be an independent non-executive director. The majority of its members, including the chairman, must have proven adequate qualifications relevant to the function and responsibilities of the Committee. At least one member of the Audit Committee must be adequately experienced in auditing or accounting. For companies falling in the Premium Category, the Audit Committee must be formed of at least three members and the majority of the members of the Audit Committee must be independent.	SNN has an Audit Committee established back in 2013. The Audit Committee has one member. The Audit Committee's membership is published on the website of SNN, under the Corporate Governance section. As at 31 December 2022, one member is a non-executive independent director.			
B.2	The Chairman of the Audit Committee must be an independent non-executive member.	The Chairman of the Audit Committee is an independent non-executive member, namely Mr. Remus Vulpescu. This information is disclosed in the 2022 Annual Report.			
B.3	As part of its responsibilities, the Audit Committee carries out an annual assessment of the internal control system.	This provision is found in the Regulation on the Organization and Functioning of the Audit Committee published on the SNN website under the Corporate Governance section. Information about the annual assessment of the internal			

No.	Provisions of the Code	Observes	Does not observe or partially observes	Reason for non-observance	Remedy time-limit
		control system is presented in the report of the Audit Committee, as part of the "Corporate Governance Declaration".			
	Whether the Audit Committee assessed the internal control system relying on the effectiveness and scope of the internal audit function, the adequacy of the risk management and internal control reports submitted to the Board's Audit Committee and the promptness and effectiveness of the executive management in addressing the issues or deficiencies identified by internal control, and whether it submitted relevant reports to the Board.	The Annual Report contains information about the control and assessment activity carried out by the Audit Committee.			
B.4	Such assessment must consider the effectiveness and scope of the internal audit function, the adequacy of the risk management and internal control reports submitted to the Board's Audit Committee and the promptness and effectiveness of the executive management in addressing the deficiencies or weaknesses identified by the internal control, and submission of relevant reports to the Board.	The Annual Report contains information about the control and assessment activity carried out by the Audit Committee in accordance with the provisions of the Regulation on the Organization and Functioning of the Audit Committee.			
B.5	The Audit Committee should assess conflicts of interest in relation to the transactions of the Company and of its subsidiaries with related parties. Information about the number and value of intercompany transactions.	This activity is driven by the obligation to monitor the Company's compliance with the provisions of the legal framework, the Articles of Incorporation and the applicable regulatory acts concerning the transactions with related parties, according to the provisions of the Regulation on the Organization and Functioning of the Audit Committee. In 2022, the Audit Committee assessed the Company's transactions and found no instances of conflicts of interest, as documented in the 2022 Annual Report.			
B.6	The Audit Committee should assess the efficiency of the internal control system and the risk management system.	This provision is found in the Regulation on the Organization and Functioning of the Audit Committee. The results of the assessment of the internal control and risk management systems' efficiency are documented in the Annual Report.			

No.	Provisions of the Code	Observes	Does not observe or partially observes	Reason for non-observance	Remedy time-limit
B.7	The Audit Committee is required to monitor application of the legal standards and the generally accepted internal audit standards. The Audit Committee should receive and review the reports of the internal audit team.	Under the Organization and Functioning Regulation, the Audit Committee is under the obligation to apply the legal standards and the internal audit standards, as well as the review of the reports of the internal audit team.			
B.8	Whenever the Code refers to reports or analyses initiated by the Audit Committee, these must be followed by regular (at least annual) or <i>ad hoc</i> reports that must be then submitted to the Board.	The Annual Report contains the list of documents prepared or reviewed by the Audit Committee, that were submitted for approval to the Board of Directors, under the "Corporate Governance Declaration" section.			
B.9	No shareholder can be applied a preferential treatment compared to other shareholders in connection with transactions and agreements concluded by the Company its shareholders and their affiliates.	The policy on the intercompany transactions displayed on the SNN website requires equal treatment for all shareholders in relation to the transactions and agreements concluded by the Company with its shareholders or their affiliates.			
B.10	The Board is required to adopt a policy whereby to ensure that any transaction of the Company with any of the companies which it has close relations with, the amount of which is equal to or higher than 5% of the net assets of the Company (according to the last financial report) is approved by the Board based on an opinion of the Board Audit Committee, and which is correctly disclosed to shareholders and potential investors, insofar as such transactions fall under the category of events subjected to reporting requirements.	The Articles of Incorporation and the Regulation on the Organization and Functioning of the Board of Directors both provide for approval by the Board of Directors of any transaction of any Company with any the companies which it has close relations with, the amount of which is equal to or higher than 5% of the net assets of the Company (according to the last financial report), based on an opinion of the Board's Audit Committee, and which is correctly disclosed to shareholders and potential investors, insofar as such transactions fall under the category of events subjected to reporting requirements. For transactions with non-affiliated parties, the Board of Directors' approval power limit is for contracts worth more than EUR 5 million. According to the Articles of Incorporation, contracts with an amount in excess of EUR 50 million are cleared by the Board of Directors and approved by the GMS. These provisions are included in the policy on the intercompany transactions displayed on the SNN website.			

No.	Provisions of the Code	Observes	Does not observe or partially observes	Reason for non-observance	Remedy time-limit
B.11	<p>Internal audits must be carried out by a structurally separate division (Internal Audit Department) of the Company or by hiring an independent third party. Descriptive report of the Chairman of the Audit Committee (on assessment of the reports of the Internal Audit Department and the reporting of the Executive in charge of the Internal Audit Department).</p>	<p>SNN has an in-house Audit Department. The Annual Report contains a section dedicated to the Audit Committee under the "Corporate Governance Declaration", where the audit activity in the Company is presented and assessed.</p>			
B.12	<p>In order to ensure the performance of the main functions of the Internal Audit Department, this must functionally report to the Board, through the Audit Committee. For administrative purposes and under the management's obligations to monitor and mitigate risks, it must report directly to the CEO.</p>	<p>The reporting lines are strictly followed. The Audit Department reports to the CEO and the Board of Directors.</p>			

No.	Provisions of the Code	Observes	Does not observe or partially observes	Reason for non-observance	Remedy time-limit
C.1	<p>The Company is required to publish on its website the remuneration policy and to include in its Annual Report a declaration on the implementation of the remuneration policy during the annual period covered by the analysis. The remuneration policy must be worded in such a way as to allow shareholders to understand the principles and arguments underlying the remuneration of the members of the Board and of the CEO, as well as of the members of the Directorate under a dual-tier system. It must describe how the remuneration process is steered and how remuneration decisions are made, detail the components of the executive management's remuneration (such as salaries, annual bonuses, long-term incentives linked to the value of the shares, benefits in kind, pensions and others), and describe the purpose, principles and underlying assumptions each component (including the general performance criteria related to any form of variable remuneration). Moreover, the remuneration policy must specify the term of the Executive Director's contract and the notice period set out in such contract, as well as any potential severance payment due in case of revocation without just cause. [...] Any essential change occurred in the remuneration policy must be published in due time on the Company's website.</p>	<p>The remuneration policy is published on the Company's website and is included in the Annual Report. The Nomination and Remuneration Committee prepares an annual report that is submitted for clearance approval by the Board of Directors and for approval by the GMS. The report of the Nomination and Remuneration Committee includes information about the principles and arguments underlying remuneration of the members of the Board of Directors and of the Executive, describe how remuneration decisions are processed and made, and details the remuneration components. The report also contains information about the prior notice period and the severance payment due in case of revocation without just cause. For 2022, the Remuneration Report is prepared in compliance with the provisions of Law no. 24/2017 and subject to approval by the SNN shareholders.</p>			
D.1	<p>The Company is required to set up an Investor Relations Service, made known to the general public by care of the responsible person(s), or as an organizational unit. In addition to the information required under the legal provisions, the Company must arrange on its website also a section dedicated to Investor Relations, containing</p>	<p>SNN has a structure specifically created to handle the investor relationships, namely the Communication and Investor Relations Department of the Communication, Sustainability and Investor Relations Directorate. All materials published on the SNN website under the "Investor Relations" section are translated also into English.</p>			

No.	Provisions of the Code	Observes	Does not observe or partially observes	Reason for non-observance	Remedy time-limit
	all relevant information of interest to investors, in both Romanian and English.				
D.1.1	Key corporate regulations: the Articles of Incorporation and the procedures for the General Meetings of Shareholders.	The Articles of Incorporation and the procedure for the organization and conduct of the General Meetings of Shareholders are published bilingually on the SNN website, under the "Investor Relations/Corporate Governance" section.			
	Terms of Reference of the Board and of the Board's committees.	The terms of reference of the Board and the Board's Committees are published on the SNN website, under the "Investor Relations/Corporate Governance" section.			
	GMS Rules and Procedures.	The information is published on the Company's website, under the "Investor Relations - Information about GMSs" section.			
D.1.2	Professional CVs of the members of the management bodies of the Company, other professional commitments of the members of the Board, including executive and non-executive positions in the Boards of Directors of companies or non-for-profit institutions.	The CVs of the members of the Board of Directors are published on the Company's website. Presentation of the members of the Board of Directors on the SNN website and in this Annual Report includes the executive and non-executive positions held by them and their other professional commitments in other companies.			
D.1.3	Current reports and regular reports (quarterly, half-yearly and annual), at least those required under paragraph D.8, including current reports with detailed information about infringements of this Code.	The current reports, including the regular ones (quarterly, half-yearly and annual), are published on the SNN website and contain information falling under the scope of this provision. The current report on infringements, as well as the current subsequent reports on compliance will be published on the website.			

No.	Provisions of the Code	Observes	Does not observe or partially observes	Reason for non-observance	Remedy time-limit
D.1.4	Information about the General Meetings of Shareholders: agenda and information materials; procedure for election of the Board members; arguments in support of the proposals of candidates for election to the Board, together with their professional CVs; shareholders' questions about the items on the agenda and the Company's answers, including the passed resolutions.	This information is published on the website, under the "Investor Relations/Information for Shareholders/GMS Info" section.			
D.1.5	Information about corporate events, such as the payment of dividends and other distributions to shareholders, or other events leading to acquisition or limitation of a shareholder's rights, including time-limits and principles applied to these transactions. The respective information will be published during a time period that allows investors to make investment decisions.	All this information is published on the company's website, under the "Investor Relations/Dividends" sections.			
D.1.6	The name and contact details of a person who, at request, may supply relevant information.	This information is available on the website, under the "Investor Relations" section. The information is available also in the Annual Report.			
D.1.7	Company presentations (e.g. presentations to investors, presentations of the quarterly results, etc.), financial statements (quarterly, half-yearly, annual), audit reports and annual reports.	These presentations devised for publication of the quarterly and half-yearly financial results and/or the meetings held with investors/analysts are published on the website, under the "Investor Relations/Information for Shareholders/Presentations and Audio Files" section, accompanied by the audio recordings of the meetings and teleconferences. The half-yearly and annual financial statements are accompanied by the Audit Report.			

No.	Provisions of the Code	Observes	Does not observe or partially observes	Reason for non-observance	Remedy time-limit
D.2	<p>The Company shall have a policy on the annual distribution of dividends or other benefits to shareholders, as proposed by the CEO or the Board and adopted by the Board, in the form of a set of guidelines that the Company intends to follow as to distribution of its net profit. The principles of the policy on the annual distributions to shareholders will be published on the Company's website.</p>	<p>SNN does not have in place a multiannual policy on the payment of dividends, but it submits every year, for approval by the shareholders, a profit distribution proposal. Information about payment of the dividends for years 2013, 2014 and 2015, 2016, 2017, 2018, 2019, 2020 and 2021 is published on the SNN website, under the "Investor Relations/Dividends" section. Distribution of the net profit for previous years is also published on the Company's website, under the "Investor Relations/Dividends" section.</p>			
D.3	<p>The Company shall adopt a policy on forecasts, regardless of whether these are made public or not. Forecasts refer to quantified conclusions of surveys/studies aimed at determining the global impact of a number of factors concerning a future period (the so-called assumptions): by its nature, this projection has a high level of uncertainty, and the actual results can differ significantly from the initially-presented forecasts. The forecast policy will set out the frequency of, the period considered by, and the content of, the forecasts. When these are published, the forecasts can only be included in the annual, semi-annual or quarterly reports. The forecast policy shall be published on the Company's website.</p>		<p>SNN does not have in place a forecasting policy because the input data and estimates of the evolution of SNN's financial results largely depend on the developments in price on the energy market. SNN is a participant in the energy market, not a price maker; therefore, the forecasts concerning the developments on this market and, implicitly, the financial results and the price of SNN shares would have a high degree of uncertainty.</p>		

No.	Provisions of the Code	Observes	Does not observe or partially observes	Reason for non-observance	Remedy time-limit
D.4	The rules of the General Meetings of Shareholders must not limit participation of shareholders in the general meetings or the exercise of their rights. Any amendments to these rules shall not come into force before the next meeting of shareholders. Any amendments to these rules shall not come into force before the next General Meeting of Shareholders.	The Regulation on the Organization and Conduct of the General Meetings of the SNN's Shareholders guarantees the rights of shareholders under the relevant legislation and ensures their equal treatment. The regulation is published on the SNN website, under the section dedicated to GMSs. The amendments to the Regulation were posted under the News section so that they could be seen by as many visitors as possible, and quickly. These amendments took effect in the next General Meeting, having been first approved by the SNN's Board of Directors.			
D.5	The external auditors shall attend the General Meeting of Shareholders when their reports are presented in these meetings.	The General Meeting of SNN's Shareholders held on 28 April 2022 for presentation and approval of the Company's Annual Activity Report was attended also by representatives of the SNN's auditor.			
D.6	The Board shall present to the annual General Meeting of Shareholders a brief assessment of the internal control and significant risk management systems, as well as opinions on matters that are subject to resolutions of the General Meeting.	This information can be found in the chapters "Risk Management Activity" and "Financial Reporting, Internal Control and Risk management" of the Annual Report of the Board of Directors, which is submitted to approval by the GMS.			
D.7	Any specialist, consultant, expert or financial analyst can participate in the meetings of shareholders based on prior invitation extended to them by the Board. Accredited journalists can also participate in the General Meetings of Shareholders, unless the Chairman of the Board decides otherwise.	These provisions are included in the Regulation on the Organization and Conduct of the General Meetings of SNN's Shareholders			
D.8	The quarterly and half-yearly financial reports shall include information about the key factors triggering changes in the sales, operating profit, net profit and other relevant financial indicators, both from one quarter to another and from one year to another, in both Romanian and English.	The quarterly and half-yearly financial reports include information about the key factors triggering changes in the sales, operating profit, net profit and other relevant financial indicators, both from one quarter to another and from one year to another, in both Romanian and English.			
D.9	A company shall hold at least two meetings/teleconferences with analysts and investors every year. The information introduced on these occasions shall be published under the	In 2022, SNN held 5 teleconferences with investors, financial analysts, brokers, etc. According to the 2023 financial timetable, SNN will organize 5 meetings with financial analysts.			

No.	Provisions of the Code	Observes	Does not observe or partially observes	Reason for non-observance	Remedy time-limit
	Investor Relations section of the Company's website, on the date of the relevant meetings/teleconferences.				
D.10	Where a company supports different forms of artistic and cultural performance, sports activities, educational or scientific activities and considers that their impact on the innovation and competitiveness of the Company are part of its mission and development strategy, it shall publish a policy on its activity in this field.	SNN has published on its website the corporate social responsibility declaration based on which the Company carries out activities to support development of the local community, cultural activities, talented young people, and research and scientific activities. The Annual Report also contains information about the policy applied by SNN in the field of corporate social responsibility. Every year, SNN publishes on its website the list of sponsorships granted in the previous year.			

21. APPENDIX 8 - 2022 REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE

Introduction

The Advisory Nomination and Remuneration Committee ("NRC") of the SNN Board of Directors of was established under the Board of Directors Resolution no. 7/26.04.2013, pursuant to the provisions of Article 140² of Law of Companies no. 31/1990 republished, as amended and supplemented, and on the grounds of the provisions of Article 34 of the Government's Emergency Ordinance no. 109/2011 on the corporate governance of public enterprises, read in connection with the provisions of Article 20(2) and (5) – (8) of the updated Articles of Incorporation of SNN. The Decision of the Board of Directors no. 243/09.12.2022 was issued to approve establishment of the Advisory Nomination and Remuneration Committee under the SNN's BoD; this Committee will have two members, both non-executive Directors, one of whom is to also chair the Committee.

NRC is a standing committee with an advisory function, directly subordinated to the SNN's Board of Directors, and has duties and powers related to assessment, consultation and making proposal of nominations of members to the Board of Directors, the Executives of the Company management powers are delegated to, as well as their remuneration in accordance with the legal regulations in force. NRC carries out investigations and makes recommendations to the Board of Directors for remuneration of the Directors, executives and the staff, or for nomination of candidates to different management positions.

According to the provisions of Article 55(2) and (3) of the Government's Emergency Ordinance no. 109/2011, NRC is required to the present to the General Meeting of Shareholders an annual report on the remunerations and other benefits granted to Directors and Executives during the financial year.

Organization

In 1 January 2022 – 8 December 2022, NRC had 3 members. Effective 9 December 2022, the NRC is formed of 2 members appointed from among the members of the Board of Directors; the office of the members of this Committee is valid during the time period when they also hold the office of Directors in the SNN's Board of Directors. Thus, the NRC membership between 1 January 2022 – 8 December 2022 was: Mr. Dumitru Remus Vulpescu – chairman; Mrs. Elena Popescu – member; Mr. Minodor Teodor Chirica – member, and effective 9 December 2022, the NRC membership is: Mr. Minodor Teodor Chirica – chairman and Mrs. Elena Popescu – member.

In order to properly carry out its duties and for a smooth organization, the Advisory Nomination and Remuneration Committee devised and approved, under the Resolution no. 1/26.04.2013, its own

Organization and Functioning Regulation, as approved by the Resolution of the Board of Directors no. 7/26.04.2013.

Under its Decision no. 30/13.03.2014, the SNN's Board of Directors approved a single Regulation for the Organization and Functioning of the Advisory Committees, and under the Decision of the Board of Directors no. 31/22.02.2022, amendment of the Regulation on the Organization and Functioning of the Advisory Committees of SNN's Board of Directors was approved.

NRC's decisions are made with a simple majority of the members participating (or represented) in the meeting and have, for the Board of Directors, the nature of a recommendation, and are binding thereon. Each NRC member cast one vote, i.e., "for", "against" or "abstention". For each NRC meeting, a resolution is prepared documenting the following: the recommendation made to the Board of Directors, its underlying arguments and the votes cast;

NRC meets whenever necessary. When a vacancy appears in the NRC, a new member is appointed by decision of the Board of Directors. Members of the Board of Directors who are revoked from office automatically lose also their membership of the Advisory Committees they sit in.

At the proposal of the chairmen or members of the Advisory Committees, the Board of Directors may approve the co-opting of permanent independent external experts, natural or legal persons, specialists in the fields of activity of the Committees and who assist their members in their activity, establishing at the same time the remuneration of these experts.

NRC meetings in 2022

In 2022, SNN Board of Directors' NRC had 12 meetings to discuss recommendations to the Board of Directors of SNN on topics that fall under the scope of their duties, as follows:

- NRC's recommendation to approve execution of an Addendum to the Mandate Contract no. 71/29.07.2020 concluded by the Company with the CFO, concerning amendment of paragraph 3.1. of Article 3, amendment of paragraph A Job Specification of Appendix 1 – Responsibilities of the CFO, amendment of paragraph C sub-paragraph I Summary of Appendix 1 – Responsibilities of the CFO, and designation of the BoD Chairman to sign this Addendum with the CFO of SNN; in order to ensure continuation of the processes taking place in the organizational entities of SNN subordinated to the Company's CFO also after 11 February 2022 (the date when the CFO position became vacant), a proposal was made to commence an internal selection for a temporary CFO, for a 4-month term of office with the possibility of renewal by another two months, until completion of the selection procedure, according to the Government Emergency Ordinance no. 109/2011. The internal selection for appointment of the temporary CFO is carried out by NRC, and requires undergoing the following stages: publication of the recruitment announcement on the Company's

intranet and notice boards; the registration period is 5 calendar days; the content of the application file; the time period during which NRC will analyse the applicants' files; execution of the temporary mandate contract for the position of temporary CFO of SNN on 11 February 2023;

- NRC's recommendation to approve termination of Mandate Contract no. 65/11.02.2019 concluded by SNN with Mr. Tudor Laurentiu Dan, as Deputy CEO; application of the provisions of Article 5.1.(l) of the Mandate Contract of the Deputy CEO; authorization of the BoD Chairman to sign the Agreement to Mandate Contract Termination Agreement of the Deputy CEO of SNN, registered under no. 65/11.02.2019, on behalf of the Company;
- Recommendation to take steps to renew the mandates of the members of the Board of Directors that were to expire on 28 September 2022, and the mandate of the CEO of the Company that expires on 11 February 2023, considering that this also acts as an executive director;
- NRC's recommendation to Approve the appointment of Mr. Dan Niculaie Faranga as temporary CFO, with a term of office of 4 months, effective 11 February 2022 and until including 10 June 2022, with the possibility of renewal for good reasons by not more than 6 months, pursuant to Article 64² of the Government Emergency Ordinance no. 109/2011, as subsequently amended and supplemented. The remuneration of the temporary CFO shall be fixed in accordance with the provisions of Article 64²(2) of the Government Emergency Ordinance no. 109/2011, as subsequently amended and supplemented, i.e., this shall be equal to the remuneration of executives with mandate contract in office. Approval of the form of the mandate contract to be signed by the Company with the newly-appointed non-executive directors, enclosed to the recommendation. Designation of the Chairman of the SNN's Board of Directors to sign the Temporary Mandate Contract of the Financial Director of SNN, valid from 11 February 2022, on behalf of and for the Company;
- NRC's recommendation to: Approve: appointment of Mr. Serban Constantin Valeca as temporary director, until the ordinary general meeting of the shareholders, in accordance with the provisions of Article 137² of Law no. 31/1990, considering his professional experience and expertise found in his CV enclosed to the recommendation; appointment of Mr. George Sergiu Niculescu as temporary director, until the ordinary general meeting of the shareholders, in accordance with the provisions of Article 137² of Law no. 31/1990, considering his professional experience and expertise found in his CV enclosed to the recommendation; the form of the mandate contract and the fixed gross monthly allowance for the temporary members of the Board of Directors at an amount of RON 15,057, equal to that of the directors the office of whom was renewed according to GEO no. 109/2011, as well as of a variable component determined in the same way as for the directors in office, in the amount of the short-term component granted pro-rated with the period of the temporary office, which will be paid to Messrs. Serban Constantin Valeca and George Sergiu Niculescu, appointed as temporary directors until the ordinary general meeting of the shareholders,

as well as authorization of the Chairman of the SNN's Board of Directors to sign the mandate contracts with them. Clearance, for submission for approval in the meeting of the General Meeting of SNN's Shareholders, which will be convened by the Board of Directors of the Company, of the following agenda proposals: Appointment of two temporary members of the Board of Directors, for a period of 4 months, effective their appointment by the Ordinary General Meeting of Shareholders, in accordance with the provisions of Article 64¹(3) and (5) of the Government Emergency Ordinance no. 109/2011, as subsequently amended and supplemented; Approval of the template mandate contract to be signed by the Company with the members of the Board of Directors, as well as authorization of the representative of the Ministry of Energy in the General Meeting of Shareholders to sign, for and on behalf of the Company, the mandate contracts with the temporary directors; Approval of the monthly gross fix allowance for the temporary members of the Board of Directors, i.e., RON 15,057, equal to that of the latest director in office selected pursuant to the Government Emergency Ordinance no. 109/2011, as well as a variable component determined identically to that of the directors in office as equal to the short-term component, granted pro-rate with the term of the temporary office;

- NRC's recommendation to issue clearance on the 2021 Annual Report of the Nomination and Remuneration Committee for its submission to the General Meeting of Shareholders;
- NRC's recommendation to issue clearance on the 2021 Remuneration Report, with a view to submitting it for approval in the first meeting of the General Meeting of SNN's Shareholders, which will be convened by the Board of Directors of the Company, together with the following draft agenda: Approval of the SNN Remuneration Report for the financial year 2021, in accordance with the provisions of Article 107(6) of Law no. 24/2017 on the issuers of financial instruments and market operations, republished;
- NRC's recommendation to approve extension by 2 months extension of the temporary CFO's mandate contract, effective 11 June 2022; Authorization of a member of the Board of Directors to sign the Addendum to the Mandate Contract;
- NRC's recommendation to: Clearance, for submission for approval in the first meeting of the General Meeting of SNN's Shareholders, which will be convened by the Board of Directors of the Company, of the following agenda proposals: Appointment of one temporary member of the Board of Directors, for a period of 4 months, effective their appointment by the Ordinary General Meeting of Shareholders, in accordance with the provisions of Article 64¹(3) and (5) of the Government Emergency Ordinance no. 109/2011, as subsequently amended and supplemented; Approval of the template mandate contract to be signed by the Company with the member of the Board of Directors, as well as authorization of the representative of the Ministry of Energy in the General Meeting of Shareholders to sign, for and on behalf of the Company, the mandate contract with the temporary director; Approval of the monthly gross fix allowance for the temporary members of

the Board of Directors, i.e., RON 15,057, equal to that of the latest director in office selected pursuant to the Government Emergency Ordinance no. 109/2011, as well as a variable component determined identically to that of the directors in office as equal to the short-term component, granted pro-rate with the term of the temporary office;

- NRC's recommendation to approve the convening of the Ordinary General Meeting of SNN's Shareholders to approve: the extension of the term of the mandate contract no. 76/28.04.2022 concluded by Mr. George Sergiu Niculescu, as temporary director for 2 months, since 29 August 2022 and until 29 October 2020, but not later than the date of completion of the Director selection procedure in accordance with the provisions of the Government Emergency Ordinance no. 109/2011, as subsequently amended and supplemented, respectively the date when the selected director starts their work. The term of the mandate contract may only be extended provided that the mandate of the director is also extended by resolution of the General Meeting of Shareholders, in accordance with the law; the form of Addendum to the mandate contract to be signed by the Company with the temporary director, as well as authorization of the representative of the Ministry of Energy in the General Meeting of Shareholders to sign the Addendum to the mandate contract of the temporary director for and on behalf of the Company; maintenance of the gross monthly fixed allowance for the temporary member of the Board of Directors, as approved under the OGMS Resolution no. 5/28.04.2022;
- NRC's recommendation to issue clearance on the following proposals for their further submission for approval by the General Meeting of SNN's Shareholders: Initiation of the selection procedure for members in the Board of Directors of National Company Nuclearelectrica S.A., in accordance with the provisions of the Government Emergency Ordinance no. 109/2011, as subsequently amended and supplemented, considering that the mandate of one of the Directors ceased by de jure further to his decease; Authorization of the SNN's Board of Directors to carry out the selection of members to the SNN's Board of Directors; Approval of the convening of the General Meeting of Shareholders to approve: Initiation of the selection procedure for members in the Board of Directors of National Company Nuclearelectrica S.A., in accordance with the provisions of the Government Emergency Ordinance no. 109/2011, as subsequently amended and supplemented; Authorization of the SNN's Board of Directors to carry out the selection of members to the SNN's Board of Directors;
- NRC's recommendation to approve renewal of the CEO's mandate, this being done effectively on 12 February 2023, based on the approval of the SNN's GMS convened on 10 August 2022 to approve renewal of the executive director's mandate;
- NRC's recommendation to approve the contracting of the assistance services of an independent expert in recruitment of members to the Board of Directors and of Executives with a mandate contract in SNN and its subsidiaries, as well as to approve the technical and performance

characteristics, the delivery/performance terms or the time for completion detailed in the Tender Book enclosed to this recommendation. The services will be rendered at the express request of SNN, after approval by the General Meeting of the initiation of the recruitment procedure for Directors, and after BoD's decision-based approval of the initiation of the recruitment procedure for Executives, in accordance with the applicable legal and procedural provisions. Approve the authorization of the executive management of SNN to contract the assistance services of the independent expert in recruitment of members to the Board of Directors and of Executives with mandate contract in SNN and its subsidiaries. Approve authorization of NRC to carry out selection of the SNN Directors, after approval in by the SNN's GMS of the initiation of their recruitment procedure;

- NRC's recommendation to Approve the renewal of the mandate of the SNN CEO for a period of 4 years, effective on 12 February 2023 (the current term of office expires on 11 February 2023); Approve the remuneration of the CEO in accordance with the provisions of Article 38 of the Government Emergency Ordinance no. 109/2011, as subsequently amended and supplemented, i.e., in the amount of remuneration due to be set for the executive members of the Board of Directors, under a Resolution of the General Meeting of the Company's Shareholders of 10 August 2022; this will consist of: a) a fixed gross allowance, in the amount of RON 53,778, i.e., six times the average gross monthly salary for the last 12 months for the activity carried out according to the registered main scope of business of the company, at a class level according to the classification of activities in the national economy, as communicated by the National Institute of Statistics before appointment: and b) a variable component equal to 2.5 times the amount of the gross annual fixed allowance for the entire annual financial exercise, payable to the CEO. Approve the form of the mandate contract due to be signed by the Company with the CEO, as enclosed to this Recommendation. Designate one member of the Board of Directors of SNN to sign the mandate contract of the SNN's CEO, valid as of 12 February 2023, under the terms laid down at the paragraph above, on behalf and for the Company;
- NRC's recommendation to Approve the appointment of Mr. Dan Niculaie Faranga as temporary CFO, with a term of office of 4 months, effective 12 August 2022 and until including 12 December 2022, with the possibility of renewal for good reasons by not more than 6 months, pursuant to Article 64² of the Government Emergency Ordinance no. 109/2011, as subsequently amended and supplemented. The remuneration of the temporary CFO shall be fixed in accordance with the provisions of Article 64²(2) of the Government Emergency Ordinance no. 109/2011, as subsequently amended and supplemented, i.e., this shall be equal to the remuneration of executives with mandate contract in office. Approve the form of the mandate contract to be signed by the Company with the newly-appointed non-executive directors, enclosed to the recommendation. Designate one member of the Board of Directors of SNN to sign the temporary mandate contract the SNN CFO, valid as of 12 August 2022, under the terms laid down at the paragraph above, on behalf and for the Company;

- NRC's recommendation to issue clearance for further submission for approval by the General Meeting of SNN's Shareholders of: The profile of the Board of Directors and the profile of the applicant for the position of member to the Board of Directors of SNN;
- NRC's recommendation to approve: Appointment of Mr. Vulpescu Dumitru Remus as temporary director until the ordinary general meeting of shareholders, in accordance with the provisions of Article 137² of Law no. 31/1990, considering his professional experience and expertise documented in his resume enclosed to this recommendation; Appointment of Ms. Grajdan Vasilica as temporary director until the ordinary general meeting of shareholders, in accordance with the provisions of Article 137² of Law no. 31/1990, considering her professional experience and expertise documented in her resume enclosed to this recommendation; The form of the mandate contract form and the fixed gross monthly allowance due to the temporary members of the Board of Directors, i.e., RON 17,926, equal to that of the directors the office of whom was renewed under the OGMS Resolution no. 6/10.08.2022, pursuant to the Government Emergency Ordinance no. 109/2011, as well as a variable component determined identically to that of the directors in office, equal to the short-term component, granted pro-rata to the period of the temporary, and payable to the temporary directors named at paragraph 1 and paragraph 2 above, until the ordinary general meeting of the shareholders, as well as authorization of the Chairman of the Board of Directors of SNN to sign the mandate contracts with them;
- NRC's recommendation to issue clearance on the following proposals for their further submission for approval by the Ordinary General Meeting of SNN's Shareholders: Appointment of three temporary members of the Board of Directors, for a period of 4 months, effective their appointment by the Ordinary General Meeting of Shareholders, in accordance with the provisions of Article 64¹(3) and (5) of the Government Emergency Ordinance no. 109/2011, as subsequently amended and supplemented; Approval of the template mandate contract to be signed by the Company with the temporary members of the Board of Directors, as well as authorization of the representative of the Ministry of Energy in the General Meeting of Shareholders to sign, for and on behalf of the Company, the mandate contracts with the temporary directors; Approval of the monthly gross fix allowance for the temporary members of the Board of Directors, i.e., RON 17,926, equal to that of the directors the office of whom was renewal pursuant to the OGMS Resolution no. 6/10.08.2022, as well as a variable component determined identically to that of the directors in office as equal to the short-term component, granted pro-rate with the term of the temporary office;
- NRC's recommendation to approve: Appointment of Mr. Dumitru Chirlesan as temporary director until the ordinary general meeting of shareholders, in accordance with the provisions of Article 137² of Law no. 31/1990, considering his professional experience and expertise documented in his resume enclosed to this recommendation; The form of the mandate contract form and the fixed gross monthly allowance due to the temporary members of the Board of Directors, i.e., RON 17,926, equal to that of the directors the office of whom was renewed under the OGMS Resolution

no. 6/10.08.2022, pursuant to the Government Emergency Ordinance no. 109/2011, as well as a variable component determined identically to that of the directors in office, equal to the short-term component, granted pro-rata to the period of the temporary, and payable to the temporary director named at paragraph 1 above, until the ordinary general meeting of the shareholders, as well as authorization of the Chairman of the Board of Directors of SNN to sign the mandate contracts with him;

- NRC's recommendation to: clearance for further submission for approval by the Ordinary General Meeting of SNN's Shareholders of the following proposals: Appointment of a temporary member of the Board of Directors, for a period of 4 months, effective their appointment by the Ordinary General Meeting of Shareholders, in accordance with the provisions of Article 64¹(3) and (5) of the Government Emergency Ordinance no. 109/2011, as subsequently amended and supplemented; Approval of the template mandate contract to be signed by the Company with the temporary member of the Board of Directors, as well as authorization of the representative of the Ministry of Energy in the General Meeting of Shareholders to sign, for and on behalf of the Company, the mandate contract with the temporary director; Approval of the monthly gross fix allowance for the temporary member of the Board of Directors, i.e., RON 17,926, equal to that of the Director the office of whom was renewal pursuant to the OGMS Resolution no. 6/10.08.2022, as well as a variable component determined identically to that of the directors in office as equal to the short-term component, granted pro-rate with the term of the temporary office;
- NRC's recommendation to approve renewal of the mandate contract no. 86/10.08.2022 of the CFO of National Company Nuclearelectrica S.A. in office, for a 2-month period, effective 13 December 2022. Authorize one member of the Board of Directors to sign the Addendum to the mandate contract no. 86/10.08.2022 for renewal of its term;
- NRC's recommendation to approve of the establishment of the Nomination and Remuneration Committee under the SNN's BoD, for 2 members, both non-executive Directors, one of whom will act as Chairman.

Information according to the provisions of Article 55(2)(3) of the Government Emergency Ordinance no. 109/2011

Pursuant to the provisions of Article 55(2) and (3) of the Government's Emergency Ordinance no. 109/2011, NRC is required to the present to the General Meeting of Shareholders an annual report on the remunerations and other benefits granted to Directors and Executives during the financial year.

The NRC' s annual report includes at least information on: (i) the remuneration structure, with an explanation of the weight of the variable component and of the fixed component; (ii) the performance criteria underpinning the variable component of the remuneration, the ratio between the performance

achieved and the remuneration; (iii) considerations justifying any scheme of annual bonuses or non-cash benefits; (iv) any additional or early pension schemes; (v) information about the term of the contract, the negotiated notice period, the amount of the damages payable in case of revocation without just cause.

(i) Remuneration structure, with an explanation about the weight of the variable component and of the fixed component.

The Directors and Executive of SNN receive a fixed monthly allowance and a variable allowance for their work. The variable allowance is payable depending on fulfilment of the performance indicators and criteria set out in their respective mandate contracts. The fixed monthly allowance is set in accordance with the legal provisions, i.e., the Government Emergency Ordinance no. 109/2011. The fixed and variable compensation of the members of the Board of Directors is approved by the General Meeting of SNN Shareholders.

The general limits of the executives' remuneration (executive for the purposes of Article 143 of Law no. 31/1990) are approved by the General Meeting of Shareholders; based on these general limits, the Board of Directors sets the amount of the executives' remuneration.

Remuneration of executives with mandate contract

In January 2022, SNN concluded 4-year mandate contracts with the SNN Executives, as follows:

1. Mandate contract no. 64/ 11.02.2019 concluded with Mr. Cosmin Ghita for the position of CEO of the Company;
2. Mandate contract no. 65/11.02.2019 concluded with Mr. Laurentiu Dan Tudor for the position of Deputy CEO*);
3. Mandate contract no. 71/29.07.2020 concluded with Mr. Paul Ichim for the position of CFO**).

*) Under the BoD Decision no. 11/27.01.2022, the BoD sought approval for termination of the Mandate Contract no. 65/11.02.2019 concluded by SNN with Mr. Tudor Laurentiu Dan, as Deputy CEO;

**) Under the Decision of the Board of Directors no. 171/06.10.2021, the BoD took note of the waiver of mandate contract no. 71/29.07.2020 and approved termination of the mandate contract of Mr. Paul Ichim, within 90 business days prior to his withdrawal, pursuant to the provisions of Article 13.1.(e) and Article 5.1.(h) of the mandate contract no. 71/29.07.2020, further to the notice no. 11536/05.10.2021 of waiver of the mandate contract no. 71/29.07.2021, i.e., on 11 February 2022;

FOR EXECUTIVES WITH MANDATE CONTRACT (with a term of office of 4 years)

The **annual variable component** is 36 times the average monthly gross salary earnings paid for the work rendered according to the main scope of the Company's business, registered according to CAEN, as communicated by the National Institute of Statistics before appointment, namely the

amount of **RON 222,464** (36 x RON 6,179.58), pursuant to paragraph 3, Appendix no. 3 to the Addendum no. 1 to the Mandate Contracts, as amended by the Addendum no. 3 to the Mandate Contracts; three components are defined: on short-term, on medium-term and long-term.

The **short-term variable component** shall be calculated and paid for a financial year, the amount shall be granted in quarterly instalments of 18% of the forecast annual amount for the current financial year corresponding to the achievement of the indicators for the elapsed period of the financial year, within 10 calendar days as of the closing date of the quarterly reports, and, within 15 days from the date of approval by the General Meeting of Shareholders of the audited annual financial statements, the amount due based on the cumulative achievement percentage of the key performance indicators shall be settled, according to item 4 of Appendix 3 to the Addendum no. 1 to the Mandate Contracts.

According to the provisions of item 3, letter c of Appendix 3 to the Addendum no. 1 to the Mandate Contracts, the annual variable component is granted in a reduced percentage, proportional to the degree of achievement of key performance indicators if these ones have a cumulative achievement rate at the level of the financial year lower than 100%, but not lower than 75%.

The medium-term variable component shall be calculated and paid for a period of two financial years, based on the percentages set out under the mandate contract. The amount shall be granted in annual instalments of 50% of the forecast medium-term amount, within 15 calendar days as of the approval by the General Meeting of Shareholders of the audited annual financial statements, and the amount due based on the cumulative achievement percentage of the key performance indicators to be settled within 15 calendar days as of the approval by the General Meeting of Shareholders of the audited annual financial statements corresponding to that year of the term of office, which ends the medium-term objective review period, and the amount due depending on the aggregate percentage of attainment of the medium-term key performance indicators shall be reconciled.

The long-term variable component shall be calculated and paid for the entire four-year term of office. The amount shall be granted in annual instalments of 25% of the forecast long-term amount, within 15 calendar days as of the approval by the General Meeting of Shareholders of the audited annual financial statements, and the amount due based on the cumulative achievement percentage of the key performance indicators to be settled within 15 calendar days as of the approval by the General Meeting of Shareholders of the audited annual financial statements, comprising the last months of the term of office.

The table below lists the executives with mandate contract in 2022, as well as their allowances under the 2022 mandate contracts:

Fixed allowance of Executives under mandate contracts:

Executives	Monthly fix gross allowance according to the contract	Office start date	Office end date
Ghita Cosmin	RON 37,077	11.02.2019	N/A
Tudor Laurentiu Dan	RON 35,727	11.02.2019	31.01.2022
Ichim Paul	RON 37,077	01.08.2020	10.02.2022
Niculaie Faranga Dan	RON 37,077	11.02.2022	11.08.2022
Niculaie Faranga Dan	RON 37,077	12.08.2022	N/A

Variable component of Executives, as set out under the 2022 mandate contract:

No.	Last name and first name	Variable component 2022	Variable component for 2022, related to the mandate term	2022 short-term component - 80% of the 2022 variable component related to the mandate term	2022 medium-term component - 10% of the 2022 variable component related to the mandate term	2022 long-term component - 10% of the 2022 variable component related to the mandate term
		RON	RON	RON	RON	RON
1	Ghita Cosmin	222,464	222,464	177,971	22,246	22,246
2	Niculae Faranga Dan	222,464	197,475	157,980	0	0
3	Tudor Dan Laurentiu	222,464	18,894	15,115	1,889	1,889
4	Ichim Paul	222,464	18,894	15,115	1,889	1,889

Remuneration of non-executive directors

In 2022, the following persons sat in the Board of Directors of SNN, having been elected as members to the Board of Directors, as follows:

- **Minodor Teodor Chirica** - Chairman of the BoD, with an office valid between 27 July 2020 - 28 September 2022 in accordance with the Resolution of the General Meeting of Shareholders no. 9/27.07.2020; under the Resolution of the General Meeting of Shareholders no. 6/10.08.2022, appointment of Mr. Minodor Teodor Chirica as non-executive director, for a 4-year term of office, from 29 September 2022 and until 29 September 2026, was approved;
- **Popescu Elena**, with a 4-year term of office, by the cumulative vote method, in accordance with the Resolution of the General Meeting of Shareholders no. 12/28.09.2018 during the period 28 September 2018 - 28 September 2022; under the Resolution of the General Meeting of

Shareholders no. 6/10.08.2022, appointment of Mrs. Elena Popescu as non-executive director, for a 4-year term of office, from 29 September 2022 and until 29 September 2026, was approved;

- **Vulpescu Dumitru Remus**, with a 4-year term of office, by the cumulative vote method, in accordance with the Resolution of the General Meeting of Shareholders no. 12/28.09.2018, during the period 28 September 2018 - 28 September 2022; Effective 29 September 2022 and until the GMS meeting, Mr. Dumitru Remus Vulpescu is appointed by the BoD as temporary director, in accordance with the provisions of BoD Decision no. 186/27.09.2022; Under the Resolution of the General Meeting of Shareholders no. 10/19.10.2022, Mr. Dumitru Remus Vulpescu is appointed as a temporary member of the Board of Directors, for a period of 4 months, in accordance with the provisions of Government Emergency Ordinance no. 109/2011, i.e., until 19 February 2023;
- **Ghita Cosmin** (executive director), with a 4-year term of office, by the cumulative vote method, in accordance with the Resolution of the General Meeting of Shareholders no. 12/28.09.2018 during the period 28 September 2018 - 28 September 2022; under the Resolution of the General Meeting of Shareholders no. 6/10.08.2022, appointment of Mr. Cosmin Ghita as executive director, for a 4-year term of office, from 29 September 2022 and until 29 September 2026, was approved;
- **Anitei Mihai Daniel**, with a 4-year term of office, by the cumulative vote method, in accordance with the Resolution of the General Meeting of Shareholders no. 12/28.09.2018, during the period 28 September 2018 - 28 September 2022;
- **Valeca Serban Constantin**, effective 9 March 2022 and until the date of the General Meeting of Shareholders, is appointed as temporary director , in accordance with the BoD Decision no. 41/09.03.2022; In accordance with the Resolution of the General Meeting of Shareholders no. 5/28.04.2022, Mr. Serban Constantin Valeca was elected as a temporary member of the SNN's Board of Directors, effective 28 April 2022, for a 4-month term of office, in accordance with the provisions of the Government Emergency Ordinance no. 109/2011; As at 20 May 2022, the SNN's Board of Directors takes note of the termination *de jure* of the mandate contract of Mr. Serban Constantin Valeca, further to the decease of Mr. Valeca on 15 May 2022;
- **Niculescu George Sergiu**, effective 9 March 2022 and until the date of the General Meeting of Shareholders, is appointed as temporary director, in accordance with the BoD Decision no. 41/09.03.2022; In accordance with the Resolution of the General Meeting of Shareholders no. 5/28.04.2022, Mr. Niculescu George Sergiu was elected as a temporary member of the SNN's Board of Directors, effective 28 April 2022, for a 4-month term of office, in accordance with the provisions of the Government Emergency Ordinance no. 109/2011; In accordance with the Resolution of the General Meeting of Shareholders no. 6/10.08.2022, renewal of the term of office of Mr. George Sergiu Niculescu, as temporary director, by a period of 2 months, starting on 29 August 2022, was approved; Pursuant to the provisions of Resolution of the General Meeting of Shareholders no. 10/19.10.2022, appointment of Mr. George Sergiu Niculescu as a temporary member of the Board of Directors, for a period of 4 months, in accordance with the provisions of Government Emergency Ordinance no. 109/2011, i.e., during 19 October 2022 - 19 February 2023, was approved;

- **Dumitru Chirlesan** - in accordance with the Resolution of the General Meeting of Shareholders no. 6/10.08.2022, Mr. Chirlesan Dumitru was elected as a temporary member of the Board of Directors, effective 10 August 2022, for a term of office of 4 months, until 10 December 2022; In accordance with BoD Decision no. 237/29.11.2022, Mr. Dumitru Chirlesan was appointed as temporary director by the BoD, effective 11 December 2022 and until the General Meeting of Shareholders;
- **Grajdán Vasilica** - effective 27 September 2022 and until the General Meeting of Shareholders, the Board of Directors of SNN approved appointment of Ms. Grajdán Vasilica as temporary director, in accordance with BoD Decision no. 186/27.09.2022; Under the Resolution of the General Meeting of Shareholders no. 10/19.10.2022, Mrs. Grajdán Vasilica was appointed as a temporary member of the Board of Directors, for a period of 4 months, in accordance with the provisions of Government Emergency Ordinance no. 109/2011, i.e., between 19 October 2022 - 19 February 2023.

The table below lists the Directors with mandate contract in 2022, as well as their allowances under the 2022 mandate contracts.

Fixed allowance of the non-executive Directors, according to the mandate contracts:

No.	Directors	Monthly fix gross allowance according to the contract	Office start date	Office end date in 2022
1	Popescu Elena	RON 11,331	28.09.2018	28.09.2022
2	Popescu Elena	RON 17,926	29.09.2022	N/A
3	Chirica Minodor Teodor	RON 15,057	27.07.2020	28.09.2022
4	Chirica Minodor Teodor	RON 17,926	29.09.2022	N/A
5	Vulpescu Dumitru Remus	RON 11,331	28.09.2018	28.09.2022
6	Vulpescu Dumitru Remus	RON 17,926	29.09.2022	19.10.2022
7	Vulpescu Dumitru Remus	RON 17,926	19.10.2022	N/A
8	Anitei Mihai Daniel	RON 11,331	28.09.2018	28.09.2022
9	Valeca Serban Constantin	RON 15,057	09.03.2022	28.04.2022
10	Valeca Serban Constantin	RON 15,057	28.04.2022	15.05.2022 *) terminated due to the Director's decease
11	Niculescu George Sergiu	RON 15,057	09.03.2022	24.04.2022
12	Niculescu George Sergiu	RON 15,057	28.04.2022	18.10.2022
13	Niculescu George Sergiu	RON 17,926	19.10.2022	N/A
14	Chirlesan Dumitru	RON 15,057	10.08.2022	10.12.2022
15	Chirlesan Dumitru	RON 17,926	11.12.2022	N/A
16	Grajdán Vasilica	RON 17,926	27.09.2022	19.10.2022
17	Grajdán Vasilica	RON 17,926	19.10.2022	N/A

The mandate contracts concluded by the Company with the members of the Board of Directors for a 4-year term, valid between 28 September 2018 – 28 September 2022, stipulate that Directors receive a remuneration consisting of:

(i) a fixed gross allowance of RON 11,331, as approved under the Resolution of the Ordinary General Meeting of Shareholders no. 12/28.09.2018, for performance of the mandate entrusted, equal to two times the average gross monthly salary for the last 12 months for the activity carried out according to the registered main scope of business of the company, at a class level according to the classification of activities in the national economy, as communicated by the National Institute of Statistics before appointment.

(ii) a variable component set based on financial and non-financial performance indicators, as negotiated and approved by the General Meeting of Shareholders in keeping with the methodology described in the Government Decision no. 722/2016, which concern the long-term sustainability of the Company and ensuring observance of the good governance principles.

The mandate contracts concluded by the Company with the members of the Board of Directors for a 4-year term, valid between 29 September 2022 – 29 September 2026, stipulate that Directors receive a remuneration consisting of:

(i) a fixed gross allowance of RON 17,926, as approved under the Resolution of the Ordinary General Meeting of Shareholders no. 6/10.08.2022, for performance of the mandate entrusted, equal to two times the average gross monthly salary for the last 12 months for the activity carried out according to the registered main scope of business of the company, at a class level according to the classification of activities in the national economy, as communicated by the National Institute of Statistics before appointment.

(ii) a variable component in the amount of 12 fixed monthly allowances, according to item 6 of OGMS Resolution no. 6/10.08.2022. The variable component of the director's remuneration is reviewed annually, depending on the level of achievement of the objectives included in the management plan and the degree of fulfilment of the financial and non-financial performance indicators approved by the general meeting of shareholders, an appendix to the mandate contract.

The mandate contracts entered into by the Company with the members of the Board of Directors, for a 4-year period and valid between 29 September 2022 - 29 September 2026, shall be supplemented by an addendum setting out their variable remuneration, objectives and financial and non-financial performance indicators defined by the general meeting of shareholders, as well as under the letter of expectations, in line with the provisions of the Government Emergency Ordinance no. 109/2011 on corporate governance of public enterprises.

Variable component of non-executive directors, according to the mandate contract

The annual variable component is 12 gross fixed monthly allowances, i.e., **the amount of RON 135,972** (12 x RON 11,331), according to paragraph 3(d) of Appendix no. 3 to Addendum no. 1 to the Mandate Contracts.

The **short-term variable component** shall be calculated and paid for a financial year, the amount shall be granted in quarterly instalments of 18% of the forecast annual amount for the current financial year corresponding to the achievement of the indicators for the elapsed period of the financial year, within 10 calendar days as of the closing date of the quarterly reports, and, within 15 days from the date of approval by the General Meeting of Shareholders of the audited annual financial statements, the amount due based on the cumulative achievement percentage of the key performance indicators shall be settled, according to item 4 of Appendix 3 to the Addendum no. 1 to the Mandate Contracts.

According to the provisions of item 3, letter c of Appendix 3 to the Addendum no. 1 to the Mandate Contracts, the annual variable component is granted in a reduced percentage, proportional to the degree of achievement of key performance indicators if these ones have a cumulative achievement rate at the level of the financial year lower than 100%, but not lower than 75%.

The medium-term variable component shall be calculated and paid for a period of two financial years, based on the percentages set out under the mandate contract. The amount shall be granted in annual instalments of 50% of the forecast medium-term amount, within 15 calendar days as of the approval by the General Meeting of Shareholders of the audited annual financial statements, and the amount due based on the cumulative achievement percentage of the key performance indicators to be settled within 15 calendar days as of the approval by the General Meeting of Shareholders of the audited annual financial statements corresponding to that year of the term of office, which ends the medium-term objective review period, and the amount due depending on the aggregate percentage of attainment of the medium-term key performance indicators shall be reconciled.

The long-term variable component shall be calculated and paid for the entire four-year term of office. The amount shall be granted in annual instalments of 25% of the forecast long-term amount, within 15 calendar days as of the approval by the General Meeting of Shareholders of the audited annual financial statements, and the amount due based on the cumulative achievement percentage of the key performance indicators to be settled within 15 calendar days as of the approval by the General Meeting of Shareholders of the audited annual financial statements, comprising the last months of the term of office.

The table below lists the non-executive members of the Board of Directors, as well as their allowances under the 2022 mandate contracts:

No.	Last name and first name	Fixed monthly gross allowance - R-OGMS 12/2018	Fixed monthly gross allowance - R-OGMS 6/2022	Variable component 2022 (12 times the monthly allowance) related to the mandate term	Amount of the 2022 short-term variable component (80% of the 2022 variable component) related to the mandate term	2022 medium-term component 10% of the 2022 variable component	2022 long-term component 10% of the 2022 long-term component
		RON	RON	RON	RON	RON	RON
1	Popescu Elena	11,331	17,926	100,955	80,764	10,096	10,096
2	Vulpescu Dumitru Remus	11,331	17,926	100,955	80,764	10,096	10,096
3	Anitei Mihai Daniel	11,331	0	100,955	80,764	10,096	10,096
4	Chirica Minodor Teodor	15,057	17,926	134,152	107,322	13,415	13,415
5	Valeca Serban Constantin	15,057	0	33,167	26,534	0	0
6	Niculescu Sergiu George	15,057	17,926	110,886	88,709	0	0
7	Chirlesan Dumitru	15,057	17,926	71,284	57,027	0	0
8	Grajdean Vasilica	0	17,926	0	0	0	0

(ii) Performance criteria underpinning the variable component of the remuneration; ratio between actual performance and remuneration.

Financial and non-financial indicators, variable component of directors' remuneration

1. The financial and non-financial indicators (operational and corporate governance), distributed in the short-, medium- and long-run with related weights and with indication of the tools applied to measure them are listed in the appendix to the mandate contract, as follows:

- a. Appendix 3.1 – Financial and non-financial indicators broken down by each year related to the term of office;
- b. Appendix 3.2 – Financial and non-financial indicators broken down by each quarter of the financial year.

2. The agent shall receive the variable component of the remuneration only conditional upon simultaneous attainment of the targets related to the key performance indicators set out in Appendix 3.1 and Appendix 3.2 to the Mandate Contract, as follows:

- a. The annual variable component is granted in a percentage of 100%, if the key performance indicators have a cumulative achievement rate equal to or greater than 100%;
- b. The annual variable component is granted in proportion to the months of activity of the last year of the term of office;
- c. The annual variable component is granted in a reduced percentage, pro-rata with the degree of attainment of the key performance indicators, when these cumulatively report, for the entire financial year, an attainment rate lower than 100%, but not lower of 75%. If the key performance indicators report a cumulative attainment rate, for the entire financial year, below 75%, the annual variable component shall not be granted.

The calculation formula is:

- $\text{PrICP} = 100\%$ results into $\text{PrCv} = 100\%$
- $75\% \leq \text{PrICP} < 100\%$ results into $\text{PrCv} = \text{actual PrICP} (\%)$
- $\text{PrICP} < 75\%$ results in $\text{PrCv} = 0\%$

where: PrICP – percentage of attaining the Key Performance Indicator

PrCv – percentage of granting the variable component

d. The annual variable component of the Director is equal to 12 gross monthly fixed allowances; the amount of the short, medium and long-term component is determined by applying the percentage rates set out in Appendix 3.1, resulting in the payable amount of the variable component for each year of mandate, according to the following algorithm:

- the 2019 variable component is calculated as follows: 80% for attaining the objectives for 2019 (on short-term) + 10% for attaining the objectives for 2020 (on medium-term) + 10% for attaining the objectives for 2022 (long-term at end of mandate);
- the 2020 variable component is calculated as follows: 80% for attaining the objectives for 2020 (on short-term) + 10% for attaining the objectives for 2020 (on medium-term) + 10% for attaining the objectives for 2022 (long-term at end of mandate);
- the 2021 variable component is calculated as follows: 80% for attaining the objectives for 2021 (on short-term) + 10% for attaining the objectives for 2022 (on medium-term) + 10% for attaining the objectives for 2022 (long-term at end of mandate);
- the 2022 variable component is calculated as follows: 80% for attaining the objectives for 2022 (on short-term) + 10% for attaining the objectives for 2022 (on medium-term) + 10% for attaining the objectives for 2022 (long-term at end of mandate).

3. The short-term variable component shall be calculated and paid for a financial year, the amount shall be granted in quarterly instalments of 18% of the forecast annual amount for the current financial year corresponding to the achievement of the indicators for the time elapsed of the financial year, within 10 calendar days as of the closing date of the quarterly reports, and then, within 15 days of

approval by the General Meeting of Shareholders of the audited annual financial statements, the amount due based on the aggregate percentage of attainment of the key performance indicators shall be reconciled.

4. When the cumulative percentage of attaining the key performance indicators determined for a quarter is below 75%, the granting of the annual variable component shall be suspended until the end of the financial year, and the difference shall be reconciled within 15 calendar days of approval by the General Meeting of Shareholders of the audited annual financial statements.

5. The medium-term variable component shall be calculated and paid for a period of two financial years, based on the percentages set out under Appendix 3.1. The amount shall be granted in annual instalments of 50% of the forecast medium-term amount, within 15 calendar days as of the approval by the General Meeting of Shareholders of the audited annual financial statements, and the amount due based on the cumulative achievement percentage of the key performance indicators to be settled within 15 calendar days as of the approval by the General Meeting of Shareholders of the audited annual financial statements corresponding to the respective year of the term of office, as detailed in Appendix 3.1, that closes the medium-term objective review period, and the amount due based on the aggregate percentage of attainment of the key performance indicators shall be reconciled.

6. The long-term variable component shall be calculated and paid for the entire four-year term of office. The amount shall be granted in annual instalments of 25% of the forecast long-term amount, within 15 calendar days as of the approval by the General Meeting of Shareholders of the audited annual financial statements, and the amount due based on the cumulative achievement percentage of the key performance indicators to be settled within 15 calendar days as of the approval by the General Meeting of Shareholders of the audited annual financial statements, comprising the last months of the term of office.

7. If the cumulative percentage of achievement of the key performance indicators determined for a financial year is below 75% the grant of the quota of the medium-term and long-term variable component is suspended until the end of the financial year of the medium and long period respectively of the term of office, the difference to be settled within 15 calendar days as of date of approval by the General Meeting of Shareholders of the audited annual financial statements, for the medium and long period respectively of the term of office.

8. When the office comes to an end before expiry of the term of office, for reasons beyond the control of the Director, the variable component shall be granted accordingly until the last full month of the term of office.

9. If the term of office is terminated before the end of the term of office, for reasons beyond the control of the Director, the company is entitled to claim and the Director is obliged to return the entire

amount granted in that year representing the payment of the variable component corresponding to the year in which the term of office ended.

10. The key performance indicators and degree of achievement of indicators may be modified, as appropriate, in the following situations:
- a) Force majeure, as defined by the law;
 - b) Other causes not attributable to the directors and which do not affect the achievement of the goals and targets set for the entire term of office.

Targets may be changed if the Income and Expenditure Budget approved according to the law and to the Articles of Incorporation is rectified.

11. The description, checking tool and target values of the key performance indicators are indicated in Appendix 3.1 and Appendix 3.2 to the mandate contract.

12. Financial performance indicators are checked by reference to the achieved values of these indicators as recorded in the company's financial accounting records.

13. The check method of the non-financial indicators is carried out by analysing the status of achievement of these indicators included in the Reports / Calculation formulas indicated in the column "Verification tools" of the Appendix 3.1, i.e., Appendix 3.2 to the mandate contract.

(iii) Considerations substantiating any scheme of annual bonuses or non-monetary benefits.

SNN does not grant any bonuses to Directors and Executives with mandate contract.

In accordance with the mandate contracts concluded by the Company with the Executive, these benefit of a fixed gross monthly allowance and a variable component set out on the basis of financial and non-financial performance indicators negotiated and approved by the Board of Directors, determined in compliance with the methodology provided under the Government Decision GD no. 722/2016, for performance of the entrusted mandate, as well with the following non-cash benefits:

1. Professional liability insurance, with an insured amount of EUR 3 million;
2. Right to refund of the business travel expenditure;
3. Right to have the entire time when they served as Executive in SNN recognized as length of service and/or service in the electricity, heat and nuclear industry’;
4. Right to company car at all times (the costs of which will be fully borne by SNN), company phone, notebook, desktop computer, office supplies, fax machines, logistics, stationery, etc. as well as any other type of equipment/facilities that are specific to the level of their Executive position;

5. Right to an office space, corresponding to their Executive position, with all the appropriate equipment and facilities;
6. Right to insurance against accidents at work and occupational illnesses paid by the Company;
7. Right to secretariat services, with the salary costs of this position borne in full by the Company;
8. Right to seek mediation, advice and/or other protective measures from the Board of Directors, the General Meeting of Shareholders, the employers' confederation, federation or organization the Company is a part of, in solving conflicts with the trade unions and/or the employee representatives, as well as with other organization and, in such cases, the right also to the necessary legal assistance at the expense of SNN;
9. Right to a business entertainment fund from the Company's business entertainment fund approved by the Board of Directors;
10. Right to have a job that matches their training and professional experience in SNN (under an individual employment agreement for an indefinite time period, concluded under the terms of the law), as well as all the rights related to this job, according to the legal provisions and/or of the Collective Bargaining Agreement applicable to the Company, after the termination for whatever reason of their mandate contract, and after their revocation from this office for reasons that are not their fault.

Under the mandate contracts concluded by the Company with Directors, they benefit of:

- For the Directors the mandate of whom was of 4 years (28 September 2018 - 28 September 2022), a fixed gross allowance of RON 11,331, as approved under the Resolution of the Ordinary General Meeting of Shareholders no. 12/28.09.2018, for performance of the mandate entrusted, equal to two times the average gross monthly salary for the last 12 months for the activity carried out according to the registered main scope of business of the company, at a class level according to the classification of activities in the national economy, as communicated by the National Institute of Statistics before appointment.

For the Director the mandate of whom was valid during the period 27 July 2020 - 28 September 2022, the fixed gross allowance of RON 15,057, as approved under the Resolution of the Ordinary General Meeting of Shareholders no. 9/27.07.2020, for performance of the mandate entrusted, equal to two times the average gross monthly salary for the last 12 months for the activity carried out according to the registered main scope of business of the company, at a class level according to the classification of activities in the national economy, as communicated by the National Institute of Statistics before appointment.

For the Directors the mandate of whom was renewed for 4 years (29 September 2022 - 29 September 2026), the fixed gross allowance of RON 17,926, as approved under the Resolution of the Ordinary General Meeting of Shareholders no. 6/10.08.2022, for performance of the mandate entrusted, equal to two times the average gross monthly salary for the last 12 months

for the activity carried out according to the registered main scope of business of the company, at a class level according to the classification of activities in the national economy, as communicated by the National Institute of Statistics before appointment.

- the variable component set based on financial and non-financial performance indicators, as negotiated and approved by the General Meeting of Shareholders in keeping with the methodology described in the Government Decision no. 722/2016, which concern the long-term sustainability of the Company and ensuring observance of the good governance principles.
- The mandate contracts entered into by the Company with the members of the Board of Directors, for a 4-year period and valid between 29 September 2022 - 29 September 2026, shall be supplemented by an addendum setting out their variable remuneration, objectives and financial and non-financial performance indicators defined by the general meeting of shareholders, as well as under the letter of expectations, in line with the provisions of the Government Emergency Ordinance no. 109/2011 on corporate governance of public enterprises. The variable component of the Director's remuneration is reviewed annually, depending on the level of achievement of the objectives included in the management plan and the degree of fulfilment of the financial and non-financial performance indicators approved by the general meeting of shareholders.

(iii) Any potential additional or early retirement schemes. - Not applicable

(iv) Information about the term of the contract, the negotiated prior notice period, and the amount of the damages for revocation without just cause.

Under the mandate contracts concluded by the Company with the SNN Executives:

The Mandate Contracts concluded by Executives with SNN, for a 4-year term, provided for their right to withdraw from the position of Executive, subject to giving written notice to the Company least 90 (ninety) business days before such withdrawal; subject to the agreement of the Company under a decision of the Board of Directors, this term of notice may be shorter;

Should the Director be revoked ad-hoc or for no good reasons, they have the right to receive damages from the Company equal to the amount of their gross monthly fixed allowances, for the period not performed of the Mandate Contract, regardless of the effective revocation date.

Payment of damages shall be made within 30 business days from the date of termination of the Mandate Contract concluded with the company.

The damages due to the Chief Executive Officer according to the provisions above shall be their only compensation in case the unjustified revocation of Chief Executive Officer occurs.

Under the mandate contracts concluded by the Company with the SNN Directors:

The mandate contracts concluded by the members of the Board of Directors with SNN for a 4-year term provide for their right to withdraw from the office of Director, subject to giving written notice to the Company at least 30 (sixty) business days before such withdrawal (for contracts valid between 28 September 2018 - 28 September 2022)/at least 60 (sixty) business days before such withdrawal (for contracts valid between 29 September 2022 - 29 September 2026); subject to the agreement of the Company expressed through the General Meeting of Shareholders, this term of notice may be shorter;

Should the Director be revoked ad-hoc or for no good reasons, they have the right to receive damages from the Company for the period not performed of the Mandate Contract.

If the revocation occurs in the first 3 (three) years of the mandate, the director shall have the right to receive damages representing the fixed monthly allowances for the remaining unperformed period of the mandate contract, but no more than 24 fixed monthly allowances.

If the revocation occurs in the last year of the mandate, the director shall have the right to receive damages representing the fixed monthly allowances for the remaining unperformed period of the mandate contract, but no more than 6 fixed monthly allowances.

Payment of damages shall be made within 30 business days from the date of termination of the Mandate Contract.

The damages due to the director according to the provisions above shall be their only compensation in case the unjustified revocation of directors occurs.

Nomination and Remuneration Advisory Committee,

Minodor Teodor Chirica

Elena Popescu

22. APPENDIX 9 – AUDITED STAND-ALONE FINANCIAL STATEMENTS AS AT, AND FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2022

**CERTIFIED MANAGEMENT SYSTEM
ISO 37001**



S.N. Nuclearelectrica S.A.

**Stand-Alone Financial Statements
as at and for the financial year ended at
31 December 2022**

Issued in accordance with
Order of the Minister of Public Finance no 2.844/2016 on the approval of the
Accounting Regulations compliant with the
International Financial Reporting Standards adopted by the
European Union

S.N. Nuclearelectrica S.A.

Stand-Alone Statement of Financial Position as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for.)

	Note	31 December 2022 (audited)	31 December 2021 (audited)
Assets			
Fixed assets			
Tangible non-current assets	5	5,737,295,053	5,853,337,904
Assets representing rights to use underlying assets within a leasing contract	6	15,565,831	1,180,392
Intangible non-current assets	7	50,773,837	48,391,975
Financial assets measured at amortized cost	8	41,262,942	35,496,297
Financial investments in subsidiaries	9	199,438,505	172,438,508
Investments in related entities	10	4,943,000	-
Total fixed assets		6,049,279,168	6,110,845,076
Current assets			
Inventories	10	653,199,691	560,149,518
Trade receivables	12	438,539,974	220,487,430
Other financial assets measured at amortized cost	13	140,954,592	87,270,340
Bank deposits	14	1,829,796,500	1,328,973,000
Cash and cash equivalents	14	2,681,002,427	1,317,399,999
Total current assets		5,743,493,184	3,514,280,287
Total assets		11,792,772,352	9,625,125,363
Equity and liabilities			
Equity			
Share capital, of which:			
<i>Share capital subscribed and paid up</i>		3,211,941,683	3,211,941,683
<i>Inflation adjustments of the share capital</i>		3,016,438,940	3,016,438,940
Share premium		195,502,743	195,502,743
Reserve paid in advance		31,474,149	31,474,149
Revaluation reserve		21,553,537	21,553,537
Retained earnings		394,369,643	451,742,500
		6,876,165,858	4,648,549,459
Total equity	15	10,535,504,870	8,365,261,328
Liabilities			
Long-term liabilities			
Long-term loans	17	64,810,940	130,135,030
Liabilities under long-term leasing agreements	6	12,831,121	910,586
Provisions for risks and charges	19	174,504,703	245,823,013
Deferred income	20	63,611,498	72,037,242
Deferred tax liability	21	95,446,226	102,278,835
Liabilities for employee benefits	22	45,557,591	46,378,990
Total long-term liabilities		456,762,079	597,563,696
Current liabilities			
Trade and other payables	18	445,315,659	285,939,903
Current part of provisions for risks and charges	19	77,040,585	69,541,135
Corporate income tax due	21	52,801,797	48,781,242
Deferred income	20	157,087,526	89,647,495
Current part of the long-term loans	17	65,525,433	168,126,539
Liabilities under short-term leasing agreements	6	2,734,403	264,025
Total current liabilities		800,505,403	662,300,339
Total liabilities		1,257,267,482	1,259,864,035
Total equity and liabilities		11,792,772,352	9,625,125,363

S.N. Nuclearelectrica S.A.

Stand-Alone Income Statement for the financial year ended on 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for.)

	Note	2022 (audited)	2021 (audited)
Revenues			
Income from the sale of electricity		6,343,639,700	3,103,149,573
Income from the transport of electricity		22,902,955	13,489,781
	23	6,366,542,655	3,116,639,354
Other income	24	167,467,707	87,240,542
Operating expenditure			
Depreciation and impairment		(605,405,084)	(562,856,167)
Personnel costs	25	(555,235,871)	(444,087,233)
Cost of electricity purchased		(513,740,391)	(249,251,484)
Repairs and maintenance		(86,468,972)	(87,343,797)
Expenses with the transmission of electricity		(22,902,955)	(13,489,781)
Expenses with spare parts		(25,907,604)	(17,483,880)
Costs of nuclear fuel		(151,211,177)	(154,445,202)
Additional tax expenses / Contribution to the Energy Transition Fund	26	(1,085,014,040)	-
Other operating expenditure	27	(502,116,398)	(495,442,284)
Operating expenditure - Total		(3,548,002,492)	(2,024,399,828)
Operating profit		2,986,007,870	1,179,480,068
Financial costs		(31,687,334)	(36,411,486)
Financial income		238,176,375	61,024,720
Net financial result	28	206,489,041	24,613,234
Profit before corporate tax		3,192,496,911	1,204,093,302
Net corporate income tax expenses	21	(428,073,459)	(167,831,676)
Profit of the period		2,764,423,452	1,036,261,626

The Stand-Alone Financial Statements presented from pages 1 to 83 were signed on 17 March 2023 by:

Cosmin Ghita
CEO**Dan Niculaie-Faranga**
CFO

S.N. Nuclearelectrica S.A.

Stand-Alone Statement of Comprehensive Income for the financial year ended on 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for.)

	Note	<u>2022</u> <u>(audited)</u>	<u>2021</u> <u>(audited)</u>
Profit of the period		<u>2,764,423,452</u>	<u>1,036,261,626</u>
Other elements of the overall result			
Items that cannot be reclassified to profit or loss			
Net gain on revaluation of buildings and land		-	335,236,386
Deferred tax liability relating to the revaluation reserve		-	(53,637,821)
Actuarial (losses) related to the defined benefit plans		1,745,457	471,723
Retained earnings from other adjustments		-	(638,261)
Other elements of the overall result		<u>1,745,457</u>	<u>281,432,027</u>
Total overall result related to the period		<u>2,766,168,909</u>	<u>1,317,693,653</u>
Earnings per share	16		
Earnings based on share (RON/share)		9.16	3.44
Diluted earnings per share (RON/share)		9.16	3.44

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Stand-Alone Statement of Changes in Equity for the financial year ended on 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for.)

	Note	Share capital	Inflation adjustments of the share capital	Share premium	Reserve paid in advance	Revaluation reserve	Retained earnings	Total equity
Balance as at 1 January 2022 (audited)		3,016,438,940	195,502,743	31,474,149	21,553,537	451,742,500	4,648,549,459	8,365,261,328
Overall result								
<i>Profit of the financial year</i>							<i>2,764,423,452</i>	<i>2,764,423,452</i>
<i>Other elements of the overall result</i>								
Actuarial gains related to the benefit plans							1,745,457	1,745,457
Total other elements of the overall result							1,745,457	1,745,457
Total overall result related to the financial year	15	-	-	-	-	-	2,766,168,909	2,766,168,909
Transactions with shareholders, only recognized in equity								
Distributed dividends							(595,925,367)	(595,925,367)
Total transactions with shareholders, only recognized in equity	15	-	-	-	-	-	(595,925,367)	(595,925,367)
Other changes in equity								
Transfer of revaluation reserves into retained earnings due to amortization						(57,372,857)	(57,372,857)	-
Other changes in equity - total						(57,372,857)	(57,372,857)	-
Balance as at 31 December 2022 (audited)		3,016,438,940	195,502,743	31,474,149	21,553,537	394,369,643	6,846,526,970	10,505,865,982

S.N. Nuclearelectrica S.A.

Stand-Alone Statement of Changes in Equity for the financial year ended on 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for.)

Note	Share capital	Inflation adjustments of the share capital	Share premium	Reserve paid in advance	Revaluation reserve	Retained earnings	Total equity	
	3,016,438,940	195,502,743	31,474,149	21,553,537	198,799,898	4,055,915,983	7,519,685,250	
	Overall result							
	<i>Profit of the financial year</i>						1,036,261,626	1,036,261,626
	<i>Other elements of the overall result</i>							
	Actuarial gains related to the benefit plans						471,723	471,723
	Other elements of the overall result						-	281,598,565
	Retained earnings from other adjustments						(638,261)	(638,261)
	Total other elements of the overall result						(166,538)	281,432,027
15	-	-	-	-	281,598,565	1,036,095,088	1,317,693,653	
	Transactions with shareholders, only recognized in equity							
	Distributed dividends						(472,117,575)	(472,117,575)
15	-	-	-	-	-	(472,117,575)	(472,117,575)	
	Other changes in equity							
	Transfer of revaluation reserves into retained earnings due to amortization						28,655,963	-
	Other changes in equity - total						28,655,963	-
	3,016,438,940	195,502,743	31,474,149	21,553,537	451,742,500	4,648,549,459	8,365,261,328	
	Balance as at 31 December 2021 (audited)							

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Stand-Alone Statement of Cash-Flows for the financial year ended on 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for)

	2022	2021
	(audited)	(audited)
Cash flows from operating activities		
Profit before corporate tax	3,192,496,911	1,204,093,302
Adjustments for:		
Depreciation and impairment	605,405,084	562,856,167
Value adjustments of trade receivables	(817,620)	2,724,882
Value adjustments of inventories	(1,734,893)	(17,947)
Provisions related to liabilities, risks and operating expenditure	(62,870,601)	24,486,443
(Gains)/Losses from disposal of non-current assets	1,052,623	3,071,960
(Gains) from the assignment of assets held for sale	-	(1,970,976)
Net financial (income)	(207,334,379)	(23,015,621)
Changes in:		
Decrease/(Increase) in trade receivables	(217,236,230)	(65,287,374)
Decrease/(Increase) in other financial assets measured at amortized cost	31,924,942	(781,566)
(Increase) in inventories	(89,967,319)	(124,697,040)
Change in deferred income	59,014,287	59,388,314
Increase of trade and other payables	138,533,797	13,402,555
Cash flows from operating activity	3,448,466,602	1,654,253,099
Corporate income tax paid	(430,885,512)	(168,972,965)
Interest received	131,286,763	50,813,771
Interest paid	(375,868)	(1,261,126)
Dividends received	60,935	1,840
Net cash related to the operating activity	3,148,552,920	1,534,834,619
Cash flows from investment activity		
Purchases of intangible non-current assets	(13,829,807)	(5,569,498)
Purchases of tangible non-current assets	(464,405,047)	(295,998,480)
Investments in subsidiaries (see Note 9)	(26,999,997)	(30,772,407)
Investments in related entities (see Note 10)	(4,943,000)	-
Loans granted to subsidiaries (see Note 8)	(5,695,250)	-
Other investments in financial assets (see Note 8)	974,000	(30,104,380)
Proceeds from the sale of assets held for sale	-	4,202,609
Proceeds from sale of tangible non-current assets	107,551	57,887
(Increase)/Decrease in bank deposits	(500,823,500)	292,411,000
Net cash related to the investment activity	(1,015,615,050)	(65,773,268)
Cash flow related to financing activity		
Loans payments	(173,284,441)	(226,092,994)
Dividends payments	(595,713,645)	(471,909,403)
Payments related to liabilities from leasing agreements, including interest	(337,356)	(224,795)
Net cash related to the financing activity	(769,335,442)	(698,227,192)
Net (Decrease)/Increase of cash and cash equivalents	1,363,602,428	770,834,159
Cash and cash equivalents as at 1 January (see Note 14)	1,317,399,999	546,565,840
Cash and cash equivalents as at 31 December (see Note 14)	2,681,002,427	1,317,399,999

THIS A FREE TRANSLATION FROM THE ROMANIAN VERSION. IN CASE OF ANY DIFFERENCES BETWEEN THE ROMANIAN AND ENGLISH VERSION, THE ROMANIAN VERSION PREVAILS

S.N. Nuclearelectrica S.A.

Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for)

1. REPORTING ENTITY

National Company Nuclearelectrica S.A. (“Company” or “SNN”) is national joint-stock company, managed under single-tier system, having a head office and two branches without legal personality, Cernavodă NPP (Nuclear Power Plant) – headquartered in Constanța County, Cernavodă City, str. Medgidiei, nr. 2, registered with the Trade Register under number J13/3442/2007, respectively NFP Pitești (Nuclear Fuel Plant) – headquartered in Argeș County, Mioveni City, str. Campului, nr. 1, registered with the Trade Register under number J03/457/1998. The address of the registered office is in Bucharest Municipality, Sector 1, Strada Polonă, nr. 65.

The main object of activity of the company is “Electricity generation” – NACE Code 3511 and is registered with the Trade Register under number J40/7403/1998, Unique Registration Code 10874881, tax attribute RO.

The main activity of the Company consists in the electricity and heat generation by means of nuclear methods. The main place of business is within Cernavodă NPP Branch, where the Company owns and operates two functional nuclear reactors (Unit 1 and Unit 2). Those two operational nuclear reactors are based on CANDU technology (Canada Deuterium Uranium, of PHWR type).

The Company owns another two nuclear reactors at Cernavodă, which are in the early stage of construction (Unit 3 and Unit 4). The project on the Production Capacity Increase is planned to be completed by Energonuclear S.A. subsidiary (for more information see Note 9). By Decision of the Extraordinary General Meeting of Shareholders („EGMS”) no. 8/12.06.2020, the following were approved: (i) The repeal of the “Strategy for continuing the project of Units 3 and 4 within Cernavodă NPP by organizing an investors’ selection procedure” (2014) as well as of the Revised Strategy for continuing the Project of Units 3 and 4 within Cernavodă NPP by organizing an investors’ selection procedure” (2018) (item 2 of the agenda of the Extraordinary General Meeting of Shareholders held on 12 June 2020), (ii) Authorization of the Board of Directors of SNN to initiate the procedures/approaches/steps regarding the cessation of negotiations held with CGN, as well as the cessation of the legal effects (under the parties’ agreement, rescission etc.) of the following documents: “Memorandum of Understanding regarding the development, construction, operation and decommissioning of Units 3 and 4 within Cernavodă NPP (MoU)” and, respectively, “Preliminary Investors’ Agreement” (item 3 of the agenda of the Extraordinary General Meeting of Shareholders held on 12 June 2020) and (iii) Authorization of the Board of Directors of SNN to initiate steps for the examination and materialization of the strategic options relating to the construction of new electricity production capacities from nuclear sources (item 4 of the agenda of the Extraordinary General meeting of Shareholders held on 12 June 2020).

Under Decision of the Romania’s Prime Minister no. 281/14.07.2020 published in the Official Gazette of Romania, Part I, no. 618/14.VII.2020, the Strategic Coordination Committee for the Implementation of the Project of Units 3 and 4 within Cernavodă NPP was established. Agreement of the Romanian Government and of the Government of the United States of America regarding cooperation in relation to the nuclear and energetic projects from Cernavodă and in the civil nuclear energy field from Romania was signed on 9 October 2020. The Agreement has been recently ratified by the Romanian Parliament, under Law no. 200/2021. Also, in October 2020, US Exim Bank expressed, through a Memorandum of Understanding concluded with the Ministry of Energy, its interest in financing large investment projects in Romania, including nuclear ones, with a total value of USD 7 billion.

By the Current Report issued on 25 November 2021, shareholders were informed in relation to the progress of the Project of Units 3 and 4, which was in its preparatory stage, and Energonuclear S.A. branch signed the first agreement with Candu Energy, Member of SNC-Lavalin Group and the Design Authority of Units 3&4 and OEM Candu (the original manufacturer of CANDU Technology).

By Decision of the Ordinary General Meeting of Shareholders of SNN no. 6/10.08.2022 was approved the continuation of the Project of Units 3 and 4 within Cernavodă NPP, respectively, the adoption of the Preliminary Investment Decision and entering Phase 2 – Preliminary Works, depending on the approval and conclusion of the Support Agreement between the Romanian State and SNN in relation to the Project of Units 3 and 4 within Cernavodă NPP. Moreover, they also approved the initiation of the steps for awarding and concluding the agreements necessary for the completion of the Project, within the limits of powers provided for in the articles of incorporation of SNN and Energonuclear S.R.L., and without exceeding the amount of EUR 185 million.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for)

1. REPORTING ENTITY (CONTINUATION)

By Decision no. 6/10.08.2022 of the Extraordinary General Meeting of SNN's Shareholders was approved the financing by SNN of Energonuclear S.A. (EN) by SNN was approved, by SNN increasing the share capital of EN in cash and/or granting related loans by SNN, with a total amount of EUR 185 million, adjusted to the Project development requirements and necessary for the implementation of Phase 2 of the Project of Units 3 and 4 within Cernavodă NPP, depending on the approval and conclusion of the Support Agreement between the Romanian State and the Company in relation to the Project of Units 3 and 4 within Cernavodă NPP.

In December 2022, the Government of Romania, at the proposal of the Ministry of Energy, approved the draft law concerning the signing of the support agreement between the Romanian State and the Company for the project concerning Units 3 and 4 of Cernavodă. The draft law was adopted by the Senate on 6 February 2023 and was registered with the Chamber of Deputies for debate (PL-x no. 46/2023).

Moreover, the Company owns a reactor (Unit 5), for which the Company's shareholders had approved the change in the original destination since March 2014, namely, the use of Unit 5 for carrying out the activities related to the operation of Units 1 and 2. At the beginning of 2020 the International Atomic Energy Agency ("IAEA") performed a benchmark assessment of the design requirements for the investment objective On-Site Emergency Control Center ("OSECC") – Unit 5 and an assessment of the technical requirements relating to the rating of equipment for hazards/ external events (especially the seismic rating). Presentations submitted by the international experts of IAEA within the benchmarking brought to the forefront a new method/strategy of rating, namely the demonstration of the seismic margin by using the seismic experience as an alternative method for rating the critical systems in the Building of Facilities for Emergency Cases ("BFEC"). In June 2020, NCNAC expressed its consent to use the seismic experience as an alternative method for demonstrating the seismic rating of the critical equipment, in which sense, in July 2020 the seismic rating guide was updated, as well as the list of systems/equipment rated from the seismic point of view for BFEC. In the context of the above-mentioned data, a revised chart of the relaunching strategy was prepared. The revised chart for the implementation of the project comprises the completion of the construction and assembly works (purchase of seismically rated equipment and construction and assembly works) and the operationalization of the objective during 2024.

The manufacture of CANDU nuclear fuel bundles needed for the operation of the two functional nuclear reactors within Cernavodă NPP Branch, is carried out by the Company, within NFP Pitești Branch.

The Romanian energy sector is regulated by the Romanian Energy Regulatory Authority ("ANRE"), an independent public institution. The Romanian electricity market has been liberalized since 2021, and the Company participated both in 2022, and in the year 2021 only in the competitive share (for more information see Note 23).

As at 31 December 2022, the Company's shareholders were: The Romanian State by the Ministry of Energy, which held 248,850,476 shares, representing 82.4981% of the share capital and other natural persons shareholders and other natural persons and legal entities shareholders holding together 52,793,418 shares representing 17.5019% of the share capital.

Company's shares were traded on Bucharest Stock Exchange of 4 November 2013, having the issuing symbol SNN.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for)

2. PREPARATION BASES

a) Declaration of conformity

The Stand-Alone Financial Statements were prepared in accordance with the Order of the Minister of Public Finance no. 2.844/2016 approving of Accounting Regulations compliant with the International Financial Reporting Standards (“IFRS”), as amended (“OMPF 2.844/2016”). For the purposes of the Order of the Minister of Public Finance no. 2.844/2016, the International Financial Reporting Standards are adopted according to the procedure provided under the Regulation (EC) no. 1.606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards (“IFRS adopted by the European Union”).

The Stand-Alone Financial Statements prepared for the financial year ended on 31 December 2022 were audited by the financial auditor of the Company - S.C. Mazars Romania S.R.L.

These Stand-Alone Financial Statements were authorized for issue and were signed on 17 March 2023 by the Company’s management.

b) Going concern

These Financial Statements were drafted according to the going concern principle supposing that the Company will continue its activity, without any significant reduction, as well as in the foreseeable future.

Having examined the implications of the conflict in Ukraine on the Company’s business, the management consider that its business continuity will not be affected (see Note 4).

c) Presentation of the financial statements

The Stand-Alone Financial Statements are presented in compliance with the requirements of IAS 1 – “Presentation of Financial Statements” and IAS 27 – „Separate Financial Statements”. The Company adopted a presentation based on liquidity within the statement of the financial position and a presentation of the revenues and expenses depending on their nature within the statement of profit or loss account and of other items of the comprehensive income, considering that such presentation models provide credible information being more relevant than those presented according to different methods permitted by IAS 1.

d) Bases of measurement

The Stand-Alone Financial Statements were prepared at historical cost, save for some categories of tangible non-current assets that are measured at fair value, as presented in the accounting policies (see Note 3c). Other financial assets and liabilities, such as non-financial assets and liabilities are presented at amortized cost, revalued value or historical cost.

e) Functional and presentation currency

The Stand-Alone Financial Statements are presented in Romanian LEI (“RON” or “LEU”), as this is also the functional currency of the Company. All financial information is presented in RON, unless otherwise indicated.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for)

2. THE BASES OF DRAFTING THE FINANCIAL STATEMENTS (CONTINUATION)

f) Use of estimates and judgments

Preparation of the Stand-Alone Financial Statements in accordance with the IFRS adopted by the European Union requires the management to make estimates, judgments and assumptions that affect application of the accounting policies, as well as the reported value of assets, liabilities, income and expenditure, the estimated lifetimes of non-current assets (see Note 3c), the assumptions used to determine the fair value (see Note 4), the assumptions used to determine the fair value of tangible non-current assets (see Note 5), the recognition of spare parts that meet the required conditions of IAS 16 as tangible non-current assets (see Note 5), the recoverability of trade receivables (see Note 12), the assumptions applied for the net recoverable value of inventories (see Note 11), the assumptions applied to calculate the liabilities related to employee benefits (see Note 22), the assumptions applied for the time for restatement of governmental subsidies in the profit and loss statement (see Note 3q and Note 20), and the estimates concerning the radioactive and non-radioactive waste management obligations (Note 19).

Judgments and assumptions related to such estimates are based on the historical experience as well as other factors considered to be reasonable in the context of such estimates. Results of such estimates form the basis of judgments relating to the carrying amounts of assets and liabilities which cannot be obtained from other information sources. Results obtained could be different from the estimates values.

Judgements and assumptions underpinning them are revised on a regular basis. Revisions of the accounting estimates are recognized during the period in which the estimate is revised, if such revision only affects that period, or during the period when the estimated is revised, and the future period, where revision affects both the current, and future periods.

The management's judgments in application of the IFRSs that have a significant impact on the financial statements, as well as the estimates that imply a significant risk of a material adjustment during the next year are shown in Note 4 and 30.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for)***3. SIGNIFICANT ACCOUNTING POLICIES****a) Transactions in foreign currency**

Transactions in foreign currency are converted into RON at the exchange rates on the transaction date. Monetary assets and liabilities, expressed in foreign currency at the end of the year, are expressed in RON at the exchange rate displayed by the National Bank of Romania as valid for the last banking day of the year. Gains and losses from exchange rate differences, either realized or unrealized, are included in the profit and loss statement of that year. The exchange rates as at 31 December 2022 and 31 December 2021, for the key currencies used by the Company in transactions, are as follows:

	Average rate		Exchange rate as at	
	2022	2021	31 December 2022	31 December 2021
RON/EUR	4.9315	4.9204	4.9474	4.9481
RON/USD	4.6885	4.1604	4.6346	4.3707
RON/CAD	3.6020	3.3192	3.4232	3.4344
RON/GBP	5.7867	5.7233	5.5878	5.8994
RON/CHF	4.9096	4.5516	5.0289	4.7884

Non-monetary assets and liabilities expressed in a foreign currency, that are measured at fair value, are converted into the functional currency at the exchange rate valid on the fair value determination date. The non-monetary items measured at historical cost in a foreign currency are converted applying the exchange rate on the transaction date.

b) Adjustment of hyperinflation's effects

In accordance with IAS 29, the financial statements of an entity the functional currency of which is the currency of a hyperinflationary economy must be presented in the current measurement unit on the end date of the reporting period (non-monetary items are restated applying a general price index on the date of the acquisition or contribution).

According to IAS 29, an economy is deemed to be hyperinflationary when, among other factors, the cumulative inflation rate over a 3-year period is higher than 100%. The continuous fall in the inflation rate and other factors related to the characteristics of the Romanian economic environment point out that the economy the functional currency of which was adopted by the Company has ceased to be hyperinflationary, with effects on the financial periods starting with 1 January 2004. Therefore, the provisions of IAS 29 were adopted in preparation of the financial statements before 31 December 2003.

c) Tangible non-current assets***Recognition and measurement***

Tangible non-current assets recognized as assets are initially measured at cost. The cost of an item of tangible non-current assets is formed of the purchase price, including any non-recoverable charges, having first deducted any trade price discounts and other costs that can be directly charged to bringing that asset to site and conditions needed for its operation as envisaged by the management, such as: employee costs resulting directly from construction or acquisition of that asset, site arrangement costs, initial delivery and handling costs, installation and assembly costs, professional fees.

Tangible non-current assets are classified by the Company in the following classes of assets, of the same nature and with similar uses:

- Lands;
- Buildings;
- Equipment, technical plant and machinery;
- Means of transport;
- Furniture and other tangible non-current assets.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

c) Tangible non-current assets (continuation)

Recognition and measurement (continuation)

Tangible non-current assets, except for land and buildings, are shown at cost, less the accumulated depreciation and write-down adjustment. Land and structures are valued separately at fair value. Thus:

- Land, special structures, administrative buildings and other buildings, including nuclear power plants, are shown at revalued amount. On the date of shifting to IFRS, these were measured using the deemed cost method. Thus, the revaluation surplus, booked by the Company according to the Order of the Minister of Public Finance no. 3055/2009 until 1 January 2012, was transferred to retained earnings, in a distinct analytical account. The revaluation reserves after the date of shifting to IFRS, further to remeasurements, are shown as such in the financial statements. The revaluation surplus, from before the shift to IFRS, and afterwards, is made as the tangible non-current assets are depreciated or at disposal.
- Machinery, equipment and other assets (save for special structures, administrative buildings and other buildings, including nuclear power plants) are shown at historical cost, less any accumulated depreciation and any accumulated impairment losses.
- Non-current assets in progress are booked at historical acquisition or construction cost or at inflated cost (restated depending on the measurement unit existing on 31 December 2003 for the non-current assets purchased before 1 January 2004), less any accumulated impairment losses.

The structures and heavy water to be used in expansion of the production capacity are included in the non-current assets in progress; since heavy water is not used and does not chemically depreciate, it is initially and subsequently measured at cost.

Units 1, 2, 3, 4 and 5 were considered one single project, and before 1990, the costs incurred were booked separately for each unit. In 1991, the Company operated a cost allocation for each Unit. This allocation is the cost base of the non-current assets included in tangible non-current assets in progress.

Items, such as spare parts, spare equipment and maintenance equipment are recognized as tangible non-current assets according to IAS 16, when they meet the definition of the tangible non-current assets. All other spare parts are recognized as inventories.

The fair value was determined based on measurements made by independent external valuers, using the market value and net replacement cost methods, less the accumulated depreciation and the accumulated impairment losses, if any.

Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

The last revaluation of lands and buildings was made on 31 December 2021 by the independent valuer (Primoval S.R.L., a member of the National Association of Authorized Romanian Valuers - ANEVAR). Prior to such revaluation, lands and buildings were revalued as at 31 December 2018.

If an asset's carrying amount is increased as a result of a revaluation, the increase shall be credited directly to equity under the heading "Revaluation surplus"; however, the increase shall be recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

c) Tangible non-current assets (continuation)

Recognition and measurement (continuation)

If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognized in profit or loss; however, the decrease shall be debited directly to equity under the heading of revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognized in other comprehensive income reduces the amount accumulated in equity under the heading of "Revaluation Surplus".

Subsequent expenditure

As a rule, subsequent expenditure expenses related to a tangible non-current asset are expensed during the period in which these were incurred. Those subsequent expenditure or investments made on tangible non-current assets to improve their initial technical parameters and leading to future economic benefits, additional above those initially estimated, are recognized and capitalized as an asset item. Benefits can be obtained either directly by increasing revenues, or indirectly by reducing the maintenance and operating expenditure.

In order to apply the provisions of the international accounting standard IAS 16 "Tangible Assets", the regular major inspections carried out at Cernavodă NPP are capitalized under tangible non-current assets, and are subsequently straight-line depreciated over a period of 2 years. The regular major inspections concern mainly the same components of the Units, so the depreciation period considered is the 2-year period between two regular general inspections conducted mainly on the same components, i.e., they substitute one another. The latest overhauls carried out were: for Unit 2 in 2021, and for Unit 1 in 2022.

Repairs and current maintenance costs are expenses as they occur.

Depreciation

Depreciation of tangible non-current assets is calculated based on a depreciation plan, since their commissioning date and until full recovery of their input value, according to the useful lifetimes and their usage conditions.

The Company's management estimate that the lifetimes of the plant, property and equipment covered by the Government Decision no. 2139/2004 approving the Catalogue for classification and normal operation periods of plant, property and equipment match the useful operation periods and conditions of use applicable to the tangible non-current assets owned by the Company.

Depreciation of buildings takes place on the basis of equal annual rates in order to depreciate their revalued amount over their remaining lifetime. Depreciation of other tangible non-current assets is booked based on the straight-line method, over their estimated useful life, as follows:

Asset	Number of years
Nuclear plant - Units 1 and 2	30
Heavy water (loading for Units 1 and 2)	30
Buildings	45 – 50
Inspections and overhauls	2
Other plants, equipment and machinery	3 - 20

Land is not subject to depreciation because is considered to have an undefined lifetime.

Tangible non-current assets in progress are not depreciated before they are put into use.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

c) Tangible non-current assets (continuation)

Depreciation (continuation)

The estimated lifetimes of Units 1 and 2, i.e., 30 years, take into account a number of projected operation hours per Unit of 210,000 hours, equivalent to a capacity factor of 80% over a period of 30 years. Before 31 December 2022, the cumulative capacity factor attained since commissioning of Unit 1 is 81.42%, and 98.60% for Unit 2, which is higher than the designed capacity factor of 80%. Using these capacity factors extrapolated to the same value for the remaining lifetime, it would follow that the estimated effective lifetime of the units will be 26.4 years for Unit 1 and 25.4 years for Unit 2; however, this is a simplistic straight-line extrapolation, as it is expected that the average capacity factor achieved so far for both units gradually decreases until the end of the initial lifetime due to the fuel canal creeping, hence to the inherent wear of the units.

The operating experience of other CANDU-type nuclear power plants that have reached the number of designed operating hours indicates shows that it is possible to extend the number of initial operating hours beyond the number of designed hours of 210,000 hours. The Company contracted specialty technical assistance services in order to determine the possibility of extending the number of designed hours of operation for Unit 1. The survey carried out concluded with a work plan listing the analyses and assessment due to be performed to prove the functionality of Unit 1 of Cernavodă NPP up to 245,000 effective hours of operation. These analyses and assessment will substantiate the renewal of the operation permit for Unit 1.

The Company's management are confident that they can successfully extend the number of operation hours for Unit 1 above the designed 210,000 hours of operation, which could ensure operation of Unit 1 until 2026 and therefore maintain the remaining estimated lifetime span, given the estimated lifetime of the first operation cycle of 30 years.

By extrapolating this reasoning and taking into account the remaining lifetime of Unit 2, added to the capacity factor of Unit 2 in the upcoming period, related also to the lifecycle of Unit 2, the estimated life is maintained for Unit 2, too. The estimated residual values, for both units, are zero, considering the challenges attached to the refurbishment of the units after their initial lifetime, which allow extending it by another 25 years after refurbishment.

Depending on the actual results concerning the extension of the initial lifetime of Unit 1 beyond the number of design operation hours, the lifetime estimates for both units could be revised in the following financial years.

Buildings and other plants, machinery and equipment are presented in Note 5 under the heading "Machinery, Equipment and Other Assets". The general inspections and overhauls, capitalized in accordance with IAS 16, are presented in Note 5 and are reflected in the carrying amount of "Nuclear Power Plants". Heavy water (loading for Units 1 and 2) was reclassified as of 31 December 2019 under the item "Nuclear Power Plants".

When the items of a tangible non-current asset have different lifetimes, they are booked as stand-alone items (major components) of an asset. The asset depreciation methods, useful lifetimes and residual value are revised and adjusted, as necessary, at each reporting date.

The carrying amount of the asset is adjusted to the recoverable amount when the carrying amount is higher than the estimated recoverable amount.

The profit and loss from sales are determined by the difference between the revenues obtained from the sale of the asset and its carrying amount, and are recognized as operating revenues or operating expenditure through profit and loss.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

c) Tangible non-current assets (continuation)

Depreciation (continuation)

The cost of loans contracted specifically for the construction of a tangible non-current asset is capitalized under that asset's cost until the date when the activities needed for preparation of the asset for its envisaged use or for sale are carried out.

Sale/retirement of tangible non-current assets

The items of tangible non-current assets that are retired or sold are removed from the statement of the financial position, together with their respective accumulated depreciation. Any profit or loss resulting from such an operation is included in the current profit or loss.

d) Non-current assets held for sale

Non-current assets are classified as held for sale when their carrying amounts are to be recovered primarily through a sale transaction rather than through continued use. Thus, an asset can be classified as held for sale according to IFRS 5 only if the following criteria are met:

- The asset is readily available for sale in its current condition,
- The sale of this asset is very likely.

All criteria listed below must be met for the sale to be highly likely:

- A sale plan was assumed at the appropriate management level;
- An active programme was initiated to find a buyer and realize the plan;
- The asset is actively marketed at a reasonable price given its current fair value;
- No material changes or withdrawal of the plan are likely;
- It is expected that the sale will meet the derecognition criteria in order to be qualified as sale during one year.

Measurement before classification as held for sale

As a first step, immediately prior to initial classification of an asset as held for sale, the carrying amount of that asset is measured according to the applicable IFRS standards (e.g. property, production units and equipment are measured according to IAS 16), including any cumulative impairment and any write-down in the balance-sheet, if any. This first step applies to a newly-acquired asset, as well as an existing asset that will be reclassified as held for sale under this policy.

Measurement at initial classification as held for sale

At initial classification as held for sale, the individual asset identified as held for sale is measured at the lower of:

- its carrying amount, and
- its fair value, less the costs to sell.

When the fair value less the costs to sell is higher than the asset's carrying amount, no adjustment is necessary. Otherwise, an impairment loss resulting from this initial measurement is booked directly in the profit and loss statement, and value of the non-current asset is adjusted accordingly.

Subsequent measurement

At subsequent measurement, the non-current asset held for sale is measured at the lower of the value carried forward and the fair value less the costs to sell.

Non-current assets held for sale are not depreciated.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

d) Non-current assets held for sale (continuation)

Recognition of impairment losses and reversals

Any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell is recognized as impairment loss.

The subsequent increase in fair value less costs to sell of an asset is recognized as gain, but not in excess of the cumulative impairment loss that has been recognized either in accordance with IFRS 5 or previously in accordance with IAS 36 “Impairment of Assets”.

Derecognition

If the classification criteria for an asset or disposal group held for sale are no longer met, that asset or disposal group will no longer be classified as held for sale.

A non-current asset which is no longer classified as held for sale is measured at the lower of:

- the amount carried forward before classification as held for sale, as adjusted for any impairment, depreciation/amortization or remeasurement needed if the asset or group intended for disposal would not have been classified as held for sale; and
- the recoverable amount on the date of the decision not to sell.

e) Leasing

(i) Recognition

As of 1 January 2019, under IFRS 16 “Leases”, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee under the lease agreement for the space used as headquarters, the Company recognized an asset related to the right to use the underlying asset and a lease liability arises under the same agreement.

As lessor, the financial statements are not unaffected by introduction of the new standard.

Exclusions from application of IFRS 16:

- leases with a lease period of 12 months or less, which do not provide for any purchase options, and
- leases, where the underlying asset is of a lower amount.

The Company found that the exclusion criteria were not met and, consequently, restated the leases as a lessee, according to IFRS 16. The Company concluded lease agreements for assets and liabilities and concession contracts for lands, for which it was estimated the initial value of the asset related to the right to use at a value equal to the debt discounted upon transaction, arising from such agreements.

(ii) Measurement

The Company, as lessee, initially measures the ROU assets at cost. The cost of the ROU asset consists of the value of the amount of the initial measurement of the liability arising from the lease, the lease payments made from 1 January 2019 (the effective date of IFRS 16), or at the start date or before this date, the initial direct costs borne by the lessee, an estimate of the costs to be borne by the lessee, minus any lease incentives received.

The Company, as lessee, values also the liability arising from the lease at the present value of the lease payments that are not paid to that date. The discounting is done using the default interest under the lease agreement, provided that this rate can be readily determined. If that rate cannot be readily determined, the lessee’s incremental borrowing rate is used.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

e) Leasing (continuation)

(ii) Measurement (continuation)

The carrying amount of the asset measured on the cost-based model represents the cost of the initial measurement, less any accumulated depreciation and any accumulated impairment losses, and adjusted for to any remeasurements of the liability arising from the leasing agreement.

(iii) Depreciation

The underlying asset is depreciated using the straight-line method. Where ownership is not transferred or there is no purchase option on the underlying asset until the end of its term, the asset is depreciated starting with the effective date of the lease, and until the first of the end of the useful life and the end of the term of the lease that also provides for renewal or termination options.

(iv) Lease liability

At initial recognition of the lease liability, the present value of the lease payments includes fixed payments less any lease incentives receivable, as well as variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date (e.g. consumer price index).

The present value of the lease payments that are not paid on the recognition date is determined for the entire term of a leasing agreement, taking into account the periods covered by the agreement renewal options, if the Company has reasonable certainty that it will exercise that option, and the periods covered by agreement termination options, if the Company has reasonable certainty that it will not exercise that option.

The cost of utilities does not pose a liability component arising by the lease, and is recognized in profit or loss as invoices are issued.

The liability arising from the lease is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modification (such as, in the term of the contract, the lease payments, the asset purchase options, the interest rate, or the contract termination terms).

(v) Derecognition

The Right of Use (ROU) asset use is derecognized at expiry or termination of the contract and is reflected by reducing the carrying amount of the ROU asset and recognizing the gains/losses from lease modification in profit or loss.

Amendment to IFRS 16, "Leases" - Covid-19-Related Rent Concessions

Due to the COVID-19 pandemic, financial leases may sustain changes, i.e., lessors may grant concessions. Such concessions could take a variety of forms, including grace periods for rent payment, and deferring lease payments. As at 28 May 2020, IASB published an amendment to IFRS 16 to provide a practical optional tool for lessees to assess whether such Covid-19 rent-related concessions qualifies as lease modification. Lessee can choose to account such rent-related concessions in the same way as if no rent changes occurred. In many cases, this will lead to entering the concession as variable lease payments in accounts, during the period(s) when the event or condition triggering the reduced payment occurs. This amendment was extended for another year, until 30 June 2022.

Neither in 2021, nor in 2022, the Company did not obtain any concessions from lessors; therefore, no changes to leases and implicitly to the accounting treatments applied thereto in accordance with the provisions of IFRS 16 were booked.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

f) Intangible non-current assets

Intangible non-current assets are mainly represented by software and licenses. These are shown at historical cost less accumulated amortization and write-down adjustment.

Research and development

The cost of research conducted to gain new scientific or technical knowledge or interpretations is recognized in profit or loss as it is incurred.

Development activities involve a plan or project aimed at new or substantially improved products or processes. Development costs are capitalized only if they can be reliably measures, the product or process is technically and commercially feasible, the future economic benefits are likely, and the Company intends, and has sufficient resources, to complete the development and use or sell the asset. Capitalized expenses include the cost of materials, direct personnel costs and administrative costs that are directly attributable the preparation of the asset for its intended use, and the capitalized borrowing costs. Other development costs are recognized in profit or loss as they are incurred.

The capitalized development costs are measured at cost less the accumulated amortization and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure with intangible non-current assets is capitalized only when they increase the future economic benefits of the asset they refer to. All other costs are recognized in the stand-alone statement of profit or loss as they are incurred.

Depreciation

Depreciation is entered in the stand-alone statement of profit or loss based on the straight-line method, over their estimated useful life of the intangible non-current assets. Intangible non-current assets are amortized as of the date when the asset is ready for use, its useful life being then determined depending on the period during which the asset can be used.

The Company holds intangible non-current assets from acquisitions, and not generated internally. The useful lives are determined according to the period during which the asset can be used, for a defined time between 2 and 8 years. Windows licenses, MS Office and software programs have a useful life set between 2 and 3 years, and computer programs specific to operation of the nuclear power plant have a useful life between 5 and 8 years. The Company does not hold any intangible non-current assets purchased from governmental subsidies.

g) Financial assets and liabilities

Classification

The Company adopted IFRS 9 "Financial Instruments".

This standard replaced IAS 39 "Financial Instruments: recognition and measurement" as to classification and measurement of financial assets and replaces the model applied to estimate the adjustments for impairment of financial assets within a model based on expected losses.

IFRS 9 contains a new approach to classification and measurement of financial assets that reflects the business model under which assets are managed and the characteristics of the cash-flow.

IFRS 9 lists three main classification categories for financial assets: measured at amortized costs, measured at fair value through other comprehensive income, and measured at fair value through profit or loss.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

g) Financial assets and liabilities (continuation)

Classification (continuation)

The Company classifies the financial instruments held in the following categories:

Financial assets measured at amortized cost

A financial asset shall be measured at amortized cost if it means both of the following conditions and is not designated at measured at fair value through profit or loss:

- is held within a business model whose objective is maintain assets for collection of contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The standard takes over the provisions of IAS 39 about recognition and derecognition of financial instruments.

As at 31 December 2022 and 2021, the Company holds financial assets measured at amortized cost.

Financial assets at fair value through other comprehensive income

A financial asset shall be measured at fair value through other comprehensive income only if both of the following conditions are met and is not designated at fair value through profit or loss:

- is held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Moreover, at initial recognition of an investment in equity instruments that is not held for trading, the Company can make an irrevocable election to present in other comprehensive income changes in the fair value. These options apply to each instrument, as the case may be.

As at 31 December 2022 and 2021, the Company does not hold any financial assets at fair value through other comprehensive income.

Financial assets at fair value through profit or loss

All financial assets which are not qualified as measured at amortized costs or at fair value by other comprehensive income will be measured at fair value through profit or loss. Moreover, at initial recognition, the Company may irrevocably designate a financial asset, which otherwise meets the requirements to be measured at amortized cost or at fair value through other comprehensive income, to be measured at fair value through profit or loss, when this removes or significantly reduces an accounting inconsistency that would appear in any other approach.

As at 31 December 2022 and 2021, the Company does not hold any financial assets at fair value through profit or loss.

Recognition

Financial assets and financial liabilities are recognized on the date when the Company becomes a contractual party to the terms of that instrument. Financial assets and liabilities are measured when they are initially recognized at fair value.

Offsets

Financial assets and liabilities are offset, and the net result is presented in the statement of the financial position only when there is a legal right to offset and if there is an intention to settle them on a net basis or if the intention is to realize the asset and pay off the debt at the same time.

Income and expenditure are presented net only when this is permitted under the accounting standards, or for the profit and loss resulting from a group of similar transactions, such as those from the Company's trading activity.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

g) Financial assets and liabilities (continuation)

Measurement

Measurement at amortized cost

The amortized cost of a financial asset or liability represents the measured amount of that financial asset or liability after initial recognition, less the principal payments, plus or minus the accumulated amortization up to that time, using the effective interest method, less any reductions related to impairment losses.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the main market participants at the measurement date, or in absence of such a main market, on the more advantageous market the Company has then access to.

The Company measures the fair value of a financial instrument using quoted prices on an active market for that instrument. A financial instrument has an active market if quoted prices are readily and regularly available for that instrument. The market price used to determine the fair value is the closing market price of the last trading day before the measurement date.

In the absence of a price quotation on an active market, the Company applies valuation techniques based on the discounted cash flow analysis and other valuation methods commonly used by market participants, making maximum use of the market information, and relying as little as possible on the company-specific information. The Company uses valuation techniques that maximize the use of observable data and minimize the use of unobservable data.

Identification and measurement of write-downs

Financial assets measured at amortized cost

The expected credit loss represents the difference between all the contractual cash flows that are owed to the Company and all the cash flows that the Company expects to receive, discounted at the initial effective interest rate.

A financial asset or a group of financial assets is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

The Company assesses whether the credit risk for a financial asset has increased significantly since initial recognition based on the information available, without undue costs or efforts, which is an indicator of significant increases in credit risk since initial recognition.

The Company recognizes in profit or loss the amount of the changes in expected credit losses over the entire lifetime of the financial assets, as a gain or loss from impairment.

The gain or loss from impairment is determined as the difference between the carrying amount of the financial asset and the discounted amount of the future cash flows, using the effective interest rate of the financial asset at the initial time.

The Company recognizes the favourable changes in lifetime expected credit losses as an impairment gain, even if the lifetime expected credit losses are less than the amount of expected credit losses that were included in the estimated cash flows on initial recognition.

Derecognition

The Company derecognizes a financial asset when the rights to receive cash flows from that financial asset expire, or when the Company has transferred the rights to receive the contractual cash flows related to that financial asset in a transaction where it transferred substantially all the risks and benefits of ownership.

The Company derecognizes a financial liability when the contractual obligations came to an end, or there are annulled or expired.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

g) Financial assets and liabilities (continuation)

Gains and losses from disposal

The gain and loss from disposal of a financial asset or a financial liability measured at fair value through profit or loss is recognized in the current profit or loss.

When derecognizing the equity instruments designated in the category of financial assets measured at fair value through other comprehensive income, the gains or losses representing favourable or unfavourable measurement differences, as highlighted in the revaluation reserves, are recognized in other comprehensive income (retained earnings representing realized surplus - IFRS 9).

When financial assets are derecognized, the retained earnings from the date of shifting to IFRS 9 is transferred into retained earnings representing the realized surplus.

The gain and loss from disposal of a financial asset that is measured at amortized cost is recognized in the current profit or loss when the asset is derecognized.

h) Other financial assets and liabilities

Other financial assets and liabilities are measured at amortized cost using the effective interest method, minus any impairment losses.

i) Investments in subsidiaries

Subsidiaries are entities under the control of the Company. Control exists when the Company has the power to direct, either directly or indirectly, the financial and operational policies of an entity in order to obtain benefits from its business. When assessing the control, consideration is given also to the potential or convertible voting rights that are then exercisable.

The Company measures its investments in subsidiaries at cost in accordance with the provisions of IAS 27 "Separate Financial Statements".

The subsidiaries controlled by the Company as owned 100% are presented in Note 9.

j) Impairment of non-financial assets

The carrying amount of the Company's non-financial assets, other than deferred tax assets, is revised at each reporting date for impairment indications. Where there are such indications, the recoverable amount of those assets is estimated.

An impairment loss is recognized when the carrying amount of the asset or its cash-generating unit exceeds the recoverable amount of the asset or its cash-generating unit. A cash-generating unit is the smallest identifiable group that generates cash independently of other assets and groups of assets. Impairment losses are recognized in the statement of profit or loss and other comprehensive income.

The recoverable amount of an asset or a cash-generating unit is the maximum of its value in use and its fair value, less the costs of sale of that asset or unit. To determine the value in use, the future cash flows are discounted applying a discounting rate before taxes that reflects the current market conditions and the asset-specific risks.

Impairment losses recognized in previous periods are measured at each reporting date to determine whether they have decreased or no longer exist. The impairment loss is restated if there has been a change in the estimates used to determine the recovery value. The impairment loss is restated only if the carrying amount of the asset does not exceed the carrying amount that would have been calculated, net of amortization and impairment, had the impairment loss not been recognized.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

k) Inventories

Inventories consist of consumables, spare parts that do not meet the criteria to be recognized as tangible non-current assets, safety inventories, uranium and other stock needed for the Company's activity. They are booked as inventories at the time of purchase and are expensed as they are used.

Inventories are measured at the lowest of cost and net realizable amount. The net realizable value is the sale price estimated to be obtained during the normal pursuit of business, less the costs estimated for completion and the costs required for sale.

The inventories booked by the Company include:

- nuclear fuel raw material, regardless of the form in which they are found in the production cycle of nuclear fuel bundles;
- other raw materials and materials.

The cost of raw materials for nuclear fuel and production in progress includes direct costs, such as raw materials, directly attributable salary costs and various production-specific services. The discharge of management for nuclear fuel takes place depending on the component that make up this stock item (uranium, zircaloy, production costs) as the nuclear fuel bundles are loaded into the reactor. The discharge of management is done at weighted average cost (WAC).

Under IAS 2 "Inventories", the cost of inventory outflows must be determined using the first-in, first-out (FIFO) method or the weighted average cost (WAC) method. Before and on 31 December 2015, the Company used to apply the FIFO method.

The Company management review on inventories found that application of the WAC method would produce more reliable results for the users of the annual accounts. In this context, effective 1 January 2016, the accounting policy applied to determine the cost for inventory outflows was changed from FIFO into WAC.

In accordance with the requirements for amendment of accounting policies under IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", the Company's management considers that the WAC method leads to financial statements that are more relevant and reliable for the business decision-making needs of their users, as it can be seen from the review of the two methods below:

- The FIFO method assumes that the outflows are measured at the acquisition or production cost of the first entry. For older inventories and when prices rise, this method does not produce the most reliable picture of the comprehensive income.
- The WAC method requires calculation of each item based on the weighted average of the costs of similar inventory items at the beginning of the period and of those purchased during the period.

The Company is unable to retroactively apply the amendment to this accounting policy, in accordance with the requirements of IAS 8, because the effects of such retroactive application cannot be determined as the cumulative impact on all previous periods cannot be calculated. Therefore, the Company prospectively applies the new policy effective 1 January 2016.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

l) Trade receivables

Trade receivables are initially book at their invoiced value and are later measured using the effective interest method, minus the amount of the impairment losses. An adjustment for impairment is operated when there is clear evidence that the Company will not be able to collect the receivables on the set due date. The debtor's significant financial difficulties, the likelihood that they enter bankruptcy or financial reorganization, the payment delays (by more than 360 days) are considered indications that these receivables might require value adjustments.

An impairment loss related to a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the expected future cash flows, as discounted using the asset's initial effective interest rate. The carrying amount is reduced by using a depreciation adjustment account, and the loss is booked in the profit and loss statement under "Other operating expenditure".

m) Cash and cash equivalents

The heading "Cash and Cash Equivalents" includes cash at hand, current accounts and bank deposits without commitments, which are subject to an insignificant risk of changes in fair value. Bank deposits without commitments are understood by the Company as usual bank deposits, the Company has access to at any time, regardless of their initial maturity and whose liquidation before maturity, in case of occurrence making this necessary, does not cause losses.

The heading "Bank Deposits" in the statement of financial position refers to those bank deposits that have an initial maturity between 3 and 12 months, but that have an attached commitment, i.e., they represent collateral deposits related to letters of bank guarantee issued by banks on behalf of the Company, in favour of customers.

The heading "Financial Assets Measured at Amortized Cost" from the statement of financial position also includes collateral deposits related to the aforementioned letters of guarantee, but with a maturity greater than 12 months.

n) Share capital

The share capital represents all the shares subscribed and paid by the shareholders of the Company. Share capital is entered distinctly in accounts, based on the incorporation documents and supporting documents concerning capital payments.

The capital increase is carried out by subscription and issue of new shares, incorporation of reserves and other operations, according to the law. The capital decrease is mainly operated by reducing the number of shares or decreasing their nominal value due to withdrawal of shareholders, the coverage of accounting losses from previous years or other operations, according to the law.

Writing off an asset that had been brought up as contribution to the share capital does not change the share capital. In all cases of share capital modification, this is done under a decision of the General Meeting of Shareholders. Gains or losses related to issue or cancellation of shares are not recognized in the profit and loss statement. The consideration received or paid in such transactions is recognized directly in equity.

o) Legal reserve

Statutory reserves account for 5% of the gross profit at the end of the year, until the statutory reserves reach 20% of the nominal share capital subscribed and paid-up, in accordance with the legal provisions. These reserves are deductible in calculation of the corporate tax in the amount provided by the Tax Code and are only distributable at the Company's liquidation. The statutory reserve is distributed on the balance-sheet date. The statutory reserve can be found under the heading "Retained Earnings".

p) Reserve paid in advance

The reserve paid in advance represents the contributions brought up in cash by the Company's shareholders for a future issue of shares by the Company. The contributed amounts are entered in the credit of the reserve paid in advance, when there is no possibility that such advance payments are returned, and the Company's obligation is only to issue a fixed number of shares.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

q) Government grants

The Company recognizes the governmental subsidies in accordance with the provisions of IAS 20 Accounting for government grants and disclosure of government assistance.

Government grants are “assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. Subsidies exclude those forms of government assistance which cannot reasonably have a value placed upon them and transactions with government which cannot be distinguished from the normal business transactions of the entity”.

IAS 20 distinguishes between two types of grants/subsidies: those concerning assets, called investment subsidies, and those concerning revenues.

Grants related to assets are “government grants whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long-term assets. Subsidiary conditions may also be attached restricting the type or location of the assets or the periods during which they are to be acquired or held”.

The revenues subsidies are “governmental subsidies different from those related to assets”.

Accounting of governmental subsidies can be done according to one of the following two approaches: the capital-based approach, where a subsidy is recognized outside profit or loss, and the income-based approach, where the subsidy is entered in the profit and loss statement during one or more years.

r) Employee benefits

(i) Defined benefit plans

A defined benefit plan is a post-employment benefit plan, other than a defined contribution plan. The Company's net liabilities under the defined benefit plans are calculated separately for each plan, estimating the amount of the future benefits that employees have obtained in exchange for the services rendered in the current and periods; these benefits are discounted to present value. Both any unrecognized costs of past service and the fair value of the benefit plan's assets are deducted.

This calculation is done annually by a qualified actuary, using the projected unit credit method. When the calculation returns a benefit for the Company, the recognized asset is limited to the total of the unrecognized costs of previous services and the present value of the economic benefits available in the form of future reimbursements under the plan or reductions in future contributions. To calculate the present value of the economic benefits, all the minimum funding requirements applicable to any plan within the Company are taken into account. An economic benefit is available to the Company when this is realizable during the lifetime of the plan or at the settlement of the plan's liabilities.

When the benefits of a plan are supplemented, the share of the additional benefit related to the services previously provided by the employees is recognized in the profit or loss statement using the straight-line method, over the average period of time until the benefits take effect. When benefits take effect immediately, the expenditure is recognized immediately in the profit or loss statement.

The Company immediately recognizes all actuarial gains and losses from defined benefit plans as other comprehensive income and all expenditure related to the defined benefit plans in profit or loss.

The Company recognizes the gains or losses related to reduction or settlement of a defined benefit plan when the reduction or settlement concerned actually takes place.

The gains or losses arising from a reduction or settlement must include any resulting change in the present value of the defined benefit liability, any resulting change in the fair value of the plan's assets, any related actuarial gains or losses, and any related cost of past service that had not been previously recognized.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

r) Employee benefits (continuation)

(ii) Other long-term employee benefits

The Company's net liability as to the long-term benefits granted to employees is the amount of the future benefits that the employees have earned in exchange for the services rendered in the current and previous periods. This benefit is discounted to determine its fair value, and the fair value of any related asset is deducted. These benefits are estimated using the projected unit credit method. Any actuarial gains or losses are recognized in the profit or loss during the period when they occur.

(iii) Short-term employee benefits

The liabilities for short-term benefits are measured without being discounted and are expensed as the services are rendered. A provision is recognized at the amount estimated to be paid for short-term benefits in the form of bonuses or employee profit sharing, only when the Company has a present, legal or implicit obligation to pay this amount for past services rendered by employees, and this can be reliably estimated.

s) Provisions for risks and charges

Provisions are recognized only when, further to a past event, the Company has a current legal or implicit liability that can be reliably estimated, and an outflow of benefits is likely to be needed in order to pay off that liability. Provisions are determined by updating the projected future cash-flows using a discounting rate before taxes, that would reflect the current market measurements of the value in time of money and the asset-specific risks. The discounting amortization is as financial cost.

The provision for intermediate storage of the used nuclear fuel is determined as the present value of the future cost of its storage. The provision for the management of low- and medium-level radioactive waste and the provision for the management of non-radioactive waste are determined as the present value of their future management cost. The management of the low- and medium-level radioactive waste and non-radioactive waste takes place in a period after that when it is generated by the operating activity.

t) Contingent liabilities and assets

Contingent liabilities are not recognized in the financial statements. These are shown in notes, save for when the possibility of an outflow of economic benefits is reduced.

Contingent assets are not recognized in the financial statements, but are shown when an inflow of benefits is likely.

u) Revenues and expenditure recognition

Revenues are recognized to the extent that the economic benefits are likely, and these benefits can be reliably measured. The following criteria must also be met in order to recognize revenues:

(i) Income from the sale of electricity

In order to recognize the income from the sale of electricity, the Company applies the provisions of IFRS 15 "Revenue from Contracts with Customers".

IFRS 15 clarifies how to identify the duty to perform under a contract, how to determine whether an entity acts in their own name or as an intermediary, and whether the revenue obtained must be recognized at a given time or over time.

IFRS 15 sets out a five-step model that applies to revenue under a contract with a customer (except for contracts that are subject to other standards, such as IFRS 16, IFRS 9, IFRS 4, etc.), regardless of the transaction time or the industry. Also, the requirements of the standard will apply to recognition and measurement of gains and losses from the sale of certain non-financial assets, which are not the result of the Company's regular business (e.g.: sale of tangible and intangible non-current assets). The Company assessed the impact of these changes on its financial position and performance, but did not identify any material element before the reporting date, 31 December 2021.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

u) Income and expenditure recognition (continuation)

The Company looked into the main revenue streams, which are represented by the sales of electricity and heat and other revenues, by applying the "five steps" model set out under IFRS 15. Based on the results of the analysis of the contractual terms for the main types of contracts related to each significant revenue stream, the Company concluded that IFRS 15 does not have a material impact on the financial statements, compared to the revenue recognition according to IAS 18 and IAS 11.

The Company delivers goods (electricity and heat) for which it considers that revenue recognition should take place at a given time, when the control over the asset is transferred to the customer, i.e., at delivery of the goods.

(ii) Financial income and expenditure

Financial income mainly include income from interest on banking deposits and cash, income from dividends, and income from exchange rate differences. Financial income is recognized in the profit and loss statement loss account based on accrual accounting, using the effective interest method. The effective interest rate is the rate that accurately discounts the expected future cash payments and receipts over the expected lifetime of that financial asset or liability (or, where appropriate, over a shorter period) to the carrying amount of that financial asset or liability.

The amount of the interest on the liabilities arising from the leasing agreement contract is determined using a discount rate that can be the interest rate under the contract or the marginal lending rate of the lessee, and is recognized in profit or loss.

Income from dividends is recognized in profit or loss on the date when the right to receive this income is determined. The Company obtains income from dividends from its subsidiary Energonuclear S.A.

Financial costs include mainly the cost of loan interest and exchange rate losses. All borrowing costs that are not directly attributable to the purchase, construction or production of an asset are recognized in the profit and loss statement using the effective interest method.

(iii) Levies

IFRIC 21 "Levies" clarifies how levy costs should be recognized in accounts. For an entity, the event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation. The liability to pay a levy is gradually recognized if the generating event takes place over a period of time.

The Company has implemented the provisions of IFRIC 21 Levies by amending its accounting policies starting with the 2014 annual financial statements. In scope, the Company identified the tax on special constructions and local taxes and duties. The Company recognized the liability for these taxes and duties when the activity giving rise to payment occurred, as this is defined under the relevant legislation. A liability for taxes and duties is gradually estimated only when the activity that gives rise to payment occurs during a period.

IFRIC 21 applies retroactively to all taxes introduced by the governmental authorities according to legislation, other than cash outflows subject to other standards (e.g.: IAS 12 "Income Taxes"), fines and other penalties for infringements of the legislation.

IFRIC 21 points out that this interpretation does not address the method of booking the counterpart of this liability (i.e., asset or cost), but explains that an asset is recognized when a liability has been paid in advance and there is no current payment liability.

The Company considered that liability recognition time is determined by its existence in the assets forming the taxable basis and consequently, the liability for the tax on special structures and the local taxes and duties was recognized in full on 1 January, at the same time with the related cost.

The Company reconsidered the date when the generating event occurs for the taxes and duties that fall under the scope of IFRIC 21 and concluded that this date is 31 December of each year.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

v) Operating segments

An operating segment is identified by IFRS 8 "Operating Segments" as a component of an entity:

- That engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the same entity;
- Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- For which discrete financial information is available.

The Company's management consider its operations as a whole as "one single segment".

Identification of a single reportable segment relies on the following elements:

- The Company generates and delivers only electricity and heat. The share of revenues delivery of heat is down at only 0.3%.
- The generation activity takes place only in the territory of Romania.
- The two functional nuclear units and the nuclear fuel plant are located in the territory of Romania.
- The electricity delivery is mainly done in the territory of Romania and to legal entities.
- The regulatory framework is consistent for the entire Company. The Company applies accounting regulations compliant with the International Financial Reporting Standards ("IFRS") as approved under OMFP no. 2.844/2016, and Romanian energy sector is regulated by the Romanian Energy Regulatory Authority ("ANRE").

In order to meet the financial statements presentation requirements, we point out the following:

- *IFRS 8.32. - Information about products and services.* As stated in *Note 1 Reporting Entity*, the core business of the Company in the electricity and heat generation by means of nuclear methods.

- *IFRS 8.33. - Information about geographic segmentation:*

a) *Amount of revenue obtained from sale of electricity in the territory of Romania and abroad.* The revenue obtained from the sale of electricity to customers established in the territory of Romania account for approximately 85.5%; the difference is represented by customers established in the Republic of Slovenia, Denmark, the United Kingdom of Great Britain and Northern Ireland and the Czech Republic.

b) *Amount of non-current assets located in Romania and abroad.* All non-current assets of the Company are located in the territory of Romania.

- *IFRS 8.34. - Information about main customers.* The transactions with main customers are presented in both *Note 12 Trade and other receivables* and *Note 30(b) Management of significant risks. Credit risk*, where the Company's exposure to the concentrated credit risk was tackled.

w) Corporate tax

The corporate tax of the year includes the current tax and the deferred tax.

The corporate tax is recognized in profit or loss and in other comprehensive income where the tax relates to capital items.

The current tax is the tax payable related to the profit made in the current period, as determined based on the percentages applied at the date of the statement of the financial position and all adjustments related to previous periods.

Deferred tax is determined for those temporary differences that occur between the taxable amount for assets and liabilities and their carrying amount used for reporting in the financial statements.

Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets and liabilities from transactions that are not business combinations and that do not affect either the accounting or the tax profit and differences from investments in subsidiaries, provided that these are not restated in the near future. Deferred tax is calculated based on the tax rates that are expected to be applicable to temporary differences at their restatement, based on the legislation in force on the reporting date or issued on the reporting date and that come into force at a later date.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

w) Corporate tax (continuation)

Deferred tax assets and liabilities are only offset when there is a legal right to offset current tax assets and liabilities and these relate to the tax collected by the same tax authority for the same entity subject to taxation or for different tax authorities, but they want to settle the current tax assets and liabilities using a net basis or the related assets and liabilities will be realized simultaneously.

The deferred tax asset is recognized only to the extent that it is likely that future profits are made that can be used to cover for the loss for tax purposes. The asset is reviewed at the end of each financial year and is reduced to the extent that the related tax benefit is unlikely to be realized.

For the period ended on 31 December 2022 and 31 December 2021, the corporate tax rate was 16%.

x) Dividends to be distributed

Dividends are treated as a profit distribution during the period when these were declared and approved by the General Meeting of Shareholders. Dividends are recognized as liability during the period during when their distribution is approved.

y) Earnings per share

Earnings per share are calculated by dividing profit or loss attributable to the Company's ordinary equity holders by the weighted average number of ordinary shares outstanding during the period. The weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares bought back or issued during the period multiplied by a time-weighting factor.

Dilution is a reduction in earnings per share or an increase in loss per share resulting from the assumption that convertible instruments are converted, that options or warrants are exercised, or that ordinary shares are issued upon the satisfaction of specified conditions. The objective of diluted earnings per share is consistent with that of basic earnings per share, i.e., to provide a measure of the interest of each ordinary share in the performance of an entity.

z) Subsequent events

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue.

Subsequent events providing additional information on the Company's position at the end of the reporting period (events requiring adjustments) are reflected in the financial statements.

Events after the reporting period that do not require adjustments are highlighted in the notes, when they are considered material.

aa) Related parties

Different entities or persons are considered to be in special relations with the Company also where one of the parties, either by ownership or based on contractual rights, family relationships or other similar situations, can directly or indirectly control the other party, or can exert a significant influence on its financial or operational decision-making. The related party transactions are a transfer of resources or obligations between related parties, regardless of whether a price is involved.

Considering the status of a company with majority State capital, the Company is subject to specific regulations, and has obligations to report on its transactions with related parties. The Company discloses its transactions with related parties in the financial statements in accordance with IAS 24 "Related Party Disclosures" (see Note 29).

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

bb) Implications of the new International Financial Reporting Standards (IFRS)

During the year, the Company applied all the new standards and amendments to the International Financial Reporting Standards (IFRS), which are relevant for its operations and are in force for the accounting periods starting on 1 January 2022, as approved by the European Union.

A. Initial application of the new amendments to the existing standards in force for the current reporting period

The following amendments to the existing standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are in effect for the current reporting period:

Adoption of these amendments to the existing standards did not lead to significant changes in the financial statements of the Company.

- (i) Amendments to IAS 16 "Tangible Non-current Assets"** - Receipts before the expected use adopted by the EU on 28 June 2021 (applicable for annual periods beginning on or after 1 January 2022). This amendment prohibits an entity from deducting from the cost of a tangible non-current asset any receipt before the asset is prepared for its intended use. It further clarifies that an entity tests whether an asset is working properly when it assesses its technical and physical performance. The physical performance of the asset is not covered by the amendment. Entities must present separately the amounts of receipts and costs related to the items produced that do not qualify as regular business of the company.
- (ii) Amendments to IFRS 3 "Business Combinations"** - Definition of the conceptual framework with amendments to IFRS 3 adopted by the EU on 28 June 2021 (applicable for annual periods beginning on or after 1 January 2022). Minor changes were made to IFRS 3 as regards definition of the conceptual framework for Financial Reporting and to add an exception from recognition of liabilities and contingent liabilities under the scope of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and IFRIC 21 "Levies". These amendments confirm that contingent assets should not be recognized at their acquisition date.
- (iii) Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"** - Onerous Contracts - Cost of Fulfilling a Contract, adopted by the EU on 28 June 2021 (applicable for annual periods starting on or after 1 January 2022). The amendment clarifies that the structure of direct costs concerning completion of a contract includes both the incremental costs and an allocated part of other direct costs attributable to completion of the contract. Also, before recognizing a separate provision for an onerous contract, the entity recognizes any impairment loss that occurred on the assets used to fulfil the contract.
- (iv) Amendments to various standards due to "IFRS Improvements (2018-2020 cycle)"** resulting from the annual IFRS improvement project (IFRS 1, IFRS 9, IFRS 16 and IAS 41) with the main purpose of addressing inconsistencies and clarifying certain wording - adopted by the EU on 28 June 2021 (amendments to IFRS 1, IFRS 9 and IAS 41 are applicable for annual periods starting on or after 1 January 2022. The amendment to IFRS 16 refers only to an illustrative example, so no effective date is mentioned).

Adoption of these amendments to the existing standards did not lead to significant changes in the financial statements of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

bb) Implications of the new International Financial Reporting Standards (IFRS) (continuation)

B. Standards and amendments to the existing standards issued by IASB and adopted by the EU, but which have not yet taken effect

On the approval date of these financial statements, the following amendments to the existing standards were issued by IASB and adopted by the EU, but have not yet taken effect:

- (i) **Amendments to IAS 1 "Presentation of Financial Statements"** - Classification of liabilities in current and long-term categories, thus offering a more general approach based on the contractual commitments in force on the reporting date. The amendments were initially effective for annual reporting periods beginning on or after 1 January 2022; however, the effective date was postponed to 1 January 2023.
- (ii) **Presentation of accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2); effective date: annual reporting periods beginning on or after 1 January 2023.** The amendments require an entity to present significant accounting policies, instead of its significant accounting policies. Subsequent amendments explain how an entity can identify a significant accounting policy. Examples of cases where an accounting policy is likely to be material are added. To support the amendment, the Board has also prepared guidance and examples to explain and demonstrate application of the "four-step significance process" described in the IFRS Practice Statement 2.
- (iii) **Definition of accounting estimates (amendments to IAS 8 "Accounting policies, changes in accounting estimates and errors"); effective date: annual reporting periods beginning on or after 1 January 2023.** The amendments clarify how entities must distinguish between changes in accounting policies and changes in accounting estimates. The distinction is important because changes in accounting estimates are applied prospectively to future transactions and other future events, while changes in accounting policies are generally applied retroactively to past transactions and other past items, as well as to the current period.
- (iv) **Deferred tax related to assets and liabilities arising from one single transaction (amendments to IAS12); effective date: annual reporting periods beginning on or after 1 January 2023.** The amendments clarify that the initial recognition exemption does not apply to transactions where equal amounts of deductible and taxable temporary differences occur at initial recognition. The amendment should be applied only to transactions that take place at or after the beginning of the comparative period presented. In addition, entities should recognize deferred tax assets and deferred tax liabilities at the beginning of the comparative period for all deductible and taxable temporary differences associated with: assets representing rights to use underlying assets under financial leases, and liabilities related to lease, decommissioning and restoration contracts and similar liabilities. The cumulative effect of recognizing of these adjustments booked as retained earnings, or other corresponding capital items. IAS 12 did not previously address the accounting of the effects for tax purposes of financial leases, so different approaches are considered acceptable.
- (v) **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Asset sale or contribution between an investor and its related entities or joint ventures and subsequent amendments (the effective date was postponed for an indefinite time period, until the research project on the equity method is completed).
- (vi) **IFRS 17 "Insurance Contracts" which replaces IFRS 4; effective date: annual reporting periods commencing on or after 1 January 2023.** The subsequent amendments operated in December 2021 added a transition period that allows an entity to apply an optional classification in comparative periods to the initial application of IFRS 17. The classification option applies to all financial assets, including those not covered by the standard. Thus, it allows classification of those assets in the comparative period(s) according to the provisions of IFRS 9.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

bb) Implications of the new International Financial Reporting Standards (IFRS) (continuation)

C. New standards and amendments to existing standards issued by IASB, not adopted yet by the EU

On the approval date of these financial statements, the following new standards and amendments to existing standards have been issued by the IASB, but have not yet been adopted by the EU:

- (i) **Amendments to IAS 1 “Presentation of Financial Statements”** - Classification of Liabilities as Current or Non-Current (effective for annual periods beginning on or after 1 January 2023). The amendments provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. Amendments to IAS 1 issued by IASB on 15 July 2020 defer the effective date by one year to annual periods beginning on or after 1 January 2023.
- (ii) **Amendments to IAS 1 “Presentation of Financial Statements”** - Non-current Liabilities with Covenants (effective for annual periods beginning on or after 1 January 2024). Amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
- (iii) **Amendments to IFRS 16 “Leases”** - Lease Liability in a Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024). Amendments to IFRS 16 require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.
- (iv) **IFRS 14 “Regulatory Deferral Accounts”** (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard. This standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRS.
- (v) **Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded). The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

cc) Climate-related matters

Mitigation of climate change and energy supply security are two of the most important global challenges in 2022, which require a reconsideration of the world's energy systems. Implementation of nuclear energy in the energy, industry, construction and transport sectors can help reduce dependence on fossil fuels and provide flexibility services to render the renewable energy systems even more reliable.

Nuclear power plants do not release any greenhouse gas emissions while operating and during their life cycle, they produce approximately the same amount of carbon CO₂ equivalent emissions per unit of electricity as wind turbines and a third of the emissions per unit of electricity of the solar energy facilities.

The Company's financial statements reflect aspects related to climate change and sustainable development under the elements below: implementation of the investment strategy and of a sustainable financing strategy; the costs specifically incurred to respond to the environmental issues, based on the applicable laws and regulations; and the measurement methods applied for the Company's assets and liabilities.

The Company's investment projects contribute both to energy security and to the decarbonization process, and are source of clean energy, in accordance with the "Fit for 55" measures of the European Commission and the new Complementary Delegated Act that included nuclear energy under the scope of the EU Taxonomy on Sustainable Financing. Completion of the Company's investment projects will lead, after 2031, to ensuring about 33% of the consumption needs and an estimated 66% of the energy free of CO₂ emissions at the national level, as well as to avoiding the release into the atmosphere of approximately 20 million tons of CO₂ annually.

The Company has in progress strategic investment projects with an estimated amount of EUR 12 billion, including: Refurbishment of Unit 1; the Project of Units 3 and 4; development of small modular reactors in partnership with NuScale; and implementation of support projects for current operation, such as the Tritium Removal Plant. The Company's investment projects will bring clean CO₂-free energy to Romania's energy stability, social and economic development, development of the nuclear industry and training of a new generation of specialists.

As to the legislative regulations, on 10 December 2021, the European Union adopted the Delegated Act supplementing Article 8 of the Regulation (EU) 2020/852 of 18 June 2020 *on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088*, which aims to classify economic activities depending on their contribution to attainment of the environmental targets. This "Taxonomy Regulation" is part of the European strategy advancing a sustainable financing that helps attain carbon neutrality by 2050, in particular by encouraging capital inflows in sustainable investments. The Regulation applies as of 31 December 2021 and requires groups subject to non-financial reporting obligations, such as the Company, to publish three indicators: turnover, capital expenditure and operating expenditure related to the eligible European taxonomy, and then aligned with the business activities taxonomy. The regulations applicable on 31 December 2021 did not specifically cover either the nuclear energy activities, the core business of the Company, or activities related to gas.

As at 2 February 2022, the European Commission approved a complementary delegated act on climate, which includes, under strict conditions, activities specific to nuclear and gas energy in the list of economic activities covered by the EU taxonomy. The draft was formally adopted on 9 March 2022, when the versions were made available in all official EU languages. The Complementary Delegated Act (EU) 2022/1214 was published in the Official Journal on 15 July 2022. It is due to apply as of 1 January 2023.

The results of the Task Force set up to determine these three indicators are presented in the Company's report on its non-financial activities, i.e., under the heading "Climate Change - Role of SNN in the industry" of the 2022 Sustainability Report.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

cc) Climate-related matters

Measurement of assets and liabilities

(i) Provisions for contingent liabilities and losses embedding environmental matters

The provisions for bad debts and unforeseen losses that embed aspects related to the environment are: provisions for management of radioactive and non-radioactive waste, and for the management of spent fuel (DICA provisions). For details, see Note 19.

In years 2021-2022, no contingent liabilities related to environmental disputes were booked.

(ii) Assessment measurement

The climate aspects are considered in the measurement of long-term assets through impairment testing. At the end of each reporting period, in order to comply with the provisions of IAS 36, the Company assesses whether there is any indication that an asset is significantly impaired. The impairment testing and recognition of the impairment adjustments are carried out in accordance with the provisions of paragraph j) of Note 3.

The impairment testing was performed as follows:

- The Company measures any impairment of long-term assets by comparing its net carrying amount against its recoverable amount;
- The recoverable amount is determined as the maximum of the net sale price of an asset and its value in use. The value in use is defined as the present value of the future financial flows that the asset will generate during its useful life, without however disregarding the financial flow brought by the sale of the asset at the end of this life;
- The value in use is calculated based on projected cash-flows over a period of 10 years, according to the financial models approved by the Company's management;
- The forward prices used in impairment testing are the market prices observed at the end of the period; as at 2024, forecasts produced by an independent supplier (ICIS base case) will be used. For 2023, the projected price is based on a price mix in accordance with the contracts already signed and with the best estimates of the remaining uncontracted electricity;
- The long-term scenarios used for the electricity sale prices are in line with the European path related to the set decarbonization targets, in particular those under the Paris Agreement on climate change, adopted on 12 December 2015 and entered into force on 4 November 2016;
- The macroeconomic assumptions used are based on publicly-available external sources. The inflation rate and exchange rates taken into account are based on the forecasts issued by the National Strategy and Prognosis Committee.

These calculations can be influenced by a number of variables, such as: changes in the electricity market prices; changes in the effective regulations; changes in demand and Company's market shares; the depreciation rate of the customer portfolio; the useful life of the facilities, etc.

The sensitivity analyses on different dimensions and assumptions did not return any impairment risk.

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4. ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGMENTS

The Company makes estimates and assumptions that affect the value of the reported assets and liabilities. Estimates and judgments are continually assessed and are based on past experience and other factors, including expectations of future events that are deemed reasonable under the given circumstances.

The management discussed about development, selection, presentation and application of the critical accounting policies and estimates. These disclosures supplement the comments on financial risk management (see Note 30).

The significant accounting judgments for application of the Company's accounting policies include:

Key sources of estimate uncertainty

(i) Adjustments for impairment of assets measured at amortized cost

Assets booked at amortized cost are measured for impairment according to the accounting policy described in *Note 3 (g) Identification and measurement of write-downs*.

Receivables are measured for impairment individually and this measurement relies on the best management of the present value of the cash flows expected to be received. In order to estimate these flows, the management makes certain estimates regarding as to the counterparty's financial standing. Each asset is analysed individually. The accuracy of the adjustments depends on the future cash flow estimate for specific counterparties.

(ii) Fair value determination for financial instruments

The fair value of financial instruments that are not traded on an active market is determined using the measurement techniques described in the accounting policy of *Note 3(g) Measurement*. For rarely traded financial instruments that do not enjoy price transparency, the fair value is less objective and is determined using different levels of estimates of the liquidity, concentration, uncertainty of market factors, price assumptions and other risks that affects the said financial instrument.

(iii) Fair value hierarchy

Assets and liabilities are measured and presented at fair value in the financial statements, according to the fair value hierarchy under IFRS 13, which requires classification of the measurement methods in the following measurement levels:

The Company uses the following hierarchy of methods to determine the fair value:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (e.g., prices, quoted prices in markets that are not active), or indirectly (e.g. price derivatives)

Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs). This category includes all instruments for which the measurement technique includes elements that are not based on observable data and for which unobservable input parameters can have a significant effect on the instrument's measurement. This category includes instruments that are measured based on quoted prices for similar instruments, but for which adjustments based largely on unobservable data or estimates are required to reflect the difference between the two instruments.

The Company determines the fair value using mainly active market quotations.

Fair value is the amount for which the financial instrument could be exchanged in regular arm's length transactions between interested and knowledgeable, other than those determined by liquidation or forced sale. Fair values are obtained from quoted market prices or cash flow models, as applicable. As at 31 December 2022 and 31 December 2021, the management consider that the fair values of cash and cash equivalents, trade and other receivables, trade payables, as well as other short-term liabilities approximate their carrying amount.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for)***4. ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGMENTS (CONTINUATION)***(iii) Fair value hierarchy (continuation)*

Considering the company's sector, added to the specific nature of the investments that are subject to financing and the structure of the collaterals, that include a government guarantee, as well as due to the floating nature of the interest rate, the Company's management estimate that the fair value of loans is approximately equal to their carrying amount. The carrying amount of loans is the amortized cost. Based on these considerations, the loans were classified at Level 2.

The table below looks into the financial instruments booked at fair value, depending on the measurement method applied:

	Carrying amount	Fair value	Level
31 December 2022 (audited)			
Financial assets			
Financial assets measured at amortized cost	41,262,942	41,262,942	2
Trade receivables	438,539,974	438,539,974	2
Other financial assets measured at amortized cost	140,954,592	140,954,592	2
Cash and cash equivalents	2,681,002,427	2,681,002,427	2
Bank deposits	1,829,796,500	1,829,796,500	2
	5,131,556,435	5,131,556,435	
	Carrying amount	Fair value	Level
31 December 2022 (audited)			
Long-term financial liabilities			
Long-term loans	64,810,940	64,810,940	2
Liabilities under long-term financial leasing agreements	12,831,121	12,831,121	2
Deferred income	63,611,498	63,611,498	2
	141,253,559	141,253,559	
Short-term financial liabilities			
Trade and other payables	445,315,659	445,315,659	2
Liabilities under short-term financial leasing agreements	2,734,403	2,734,403	2
Current part of the long-term loans	65,525,433	65,525,433	2
Deferred income	157,087,526	157,087,526	2
	670,663,021	670,663,021	

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for)***4. ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGMENTS (CONTINUATION)**

	<u>Carrying amount</u>	<u>Fair value</u>	<u>Level</u>
31 December 2021 (audited)			
Financial assets			
Financial assets measured at amortized cost	35,496,297	35,496,297	2
Trade receivables	220,487,430	220,487,430	2
Other financial assets measured at amortized cost	87,270,340	87,270,340	2
Cash and cash equivalents	1,317,399,999	1,317,399,999	2
Bank deposits	1,328,973,000	1,328,973,000	2
	<u>2,989,627,066</u>	<u>2,989,627,066</u>	
	<u>Carrying amount</u>	<u>Fair value</u>	<u>Level</u>
31 December 2021 (audited)			
Long-term financial liabilities			
Long-term loans	130,135,030	130,135,030	2
Liabilities under long-term financial leasing agreements	910,586	910,586	2
Deferred income	72,037,242	72,037,242	2
	<u>203,082,858</u>	<u>203,082,858</u>	
Short-term financial liabilities			
Trade and other payables	285,939,903	285,939,903	2
Liabilities under short-term financial leasing agreements	264,025	264,025	2
Current part of the long-term loans	168,126,539	168,126,539	2
Deferred income	89,647,495	89,647,495	2
	<u>543,977,962</u>	<u>543,977,962</u>	

(iv) Classification of financial assets and liabilities

The accounting policies of the Company provide the basis for the initial classification of assets and liabilities in different accounting categories.

Re-measurement of tangible non-current assets

Tangible non-current assets, consisting of land and buildings, are subject to revaluation, and the in fair value are recognized in other comprehensive income.

(v) Fair value measurement

As at 31 December 2021, the tangible non-current assets of the Company were valued by an external independent valued, authorized by the National Association of Romanian Authorized Valuers ("ANEVAR"). The revaluations of land and buildings on 31 December 2021 were carried out based on the following methods, in compliance with the principles and valuation techniques included in the ANEVAR Property Valuation Standards:

- The benchmarking method for land owned exclusively;
- The residual method for land owned under undivided share;
- Income method for the two administrative buildings;
- Replacement cost method for special structures and other assets.

(vi) Fair value hierarchy

Based on the input data used in the valuation technique, the fair value of tangible non-current assets was classified at Level 3 of the fair value hierarchy.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for)

4. ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGMENTS (CONTINUATION)

(vii) Impact and implications of the Ukraine conflict

The geopolitical situation in the Eastern Europe deteriorated after 24 February 2022, with the invasion of Ukraine by Russia, but the war in Ukraine did not have a significant direct or indirect impact on the pursuit of the Company's business. The operation, production and development of investment projects, and the current activities are carried out normally.

The war in Ukraine, beyond the human drama, proved the importance of a balanced energy mix in the EU and a resilient energy system when faced with extreme events. It is also a major alarm signal in terms of energy policy at the EU level, fair inclusion of energy sources with a role in decarbonization to ensure the long-term stability and accessibility of energy, without risking the energy security of the EU and the Member States. The cooperation between States to identify viable and specific solutions is an extremely important next step.

In this context, nuclear energy becomes even more important in the European energy mix and in reducing energy dependence. Nuclear energy responds to the 3 current challenges: energy security, attainment of the decarbonization targets, and maintaining an affordable cost for consumers.

The Company plays an important part at the national level, in terms of both the energy stability of the country and reaching the decarbonization targets.

Having reviewed the impact on the Company, we conclude that this has no direct no direct exposure related to Russia or Ukraine, does not hold any direct or indirect investments in companies of these countries, as this year's supply chains for raw materials were established with companies of Kazakhstan and Romania. Furthermore, the Company has no exposure to business, companies or banks which are currently affected by the international sanctions.

The indirect impact on the financial statements is harmonized with the overall and regional effects of the Ukraine conflict; electricity sale prices, national policies for mitigating the effects of the Ukraine war and the evolution of the consumer price index are the most notable influences resulting from such conflictual situation.

Other general matters concerning the Company's activity in the war context

a) Impairment of financial instruments and other financial risks

The Company constantly monitors the developments in the credit risk and makes adjustments for impairment on the financial assets based on the history of depreciation of this risk, in accordance with the provisions of IFRS 9. According to the risk analyses carried out in the Company, no degradations of the implemented indices were identified compared to the values obtained on 31 December 2021. Also, the Company does not hold financial assets or liabilities affected by the international restrictions/sanctions related to the two states involved in the conflict. No exposures of the Company to liquidity risk or market risk (in particular currency exchange risk) were identified as generated by the transactions with companies from the two states.

b) Impairment of non-financial assets

Considering that the Company does not own or operate any assets located in the territory of Ukraine or Russia, no risks of physical damage, restricted access or impairment indices of the recoverable amount have been identified.

c) Loss of control or joint control or of the ability to exercise a significant influence

The companies falling under the consolidation scope of S.N. Nuclearelectrica SA are Romanian companies which carry out their activity only in the territory of Romania and are owned 100%, except for the related entity Ropower Nuclear SA, which is owned 50%. Therefore, as at 31 December 2022, neither any circumstances liable to significantly limit or even lose the ability of the Company to exercise its rights, nor any provisions concerning the governance of these subsidiaries and/or the related entities have been identified.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for)

4. ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGMENTS (CONTINUATION)

(vii) Impact and implications of the Ukraine conflict (continuation)

d) Other assets, liabilities, revenue and expenditure

In addition to the information found in the previous paragraphs, the conflict in Ukraine did not require any other specific exercise of judgments, estimates or assumptions to determine the value of the assets or liabilities, income and expenditure of the period (compared to those disclosed in Note 2f) of the Accounting Policies).

The direct or indirect impact of the war in Ukraine on the Company's business cannot be quantified value-wise, given that the current developments in inflation and the forecasted developments thereof for the upcoming periods are the result of factors that are difficult to predict. From the point of view of qualitative analysis, the Company monitors the macroeconomic developments and continuously assesses the factors of uncertainty and the potential financial impact of the conflict in Ukraine, in order to identify the measures required to be implemented, and advise the investors accordingly.

The Company has in place and applies specific and efficient cyber risk management policies. The Ukraine war had no impact upon the Company's going concern. The conflict's Effects on the financial standing, financial performance and cash flows of the Company appear not significant. Similarly to the results of the previous year, the Company obtained very good financial results, complying with and achieving its investment, production programs and performance ratios.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for)

5. TANGIBLE NON-CURRENT ASSETS

	Lands	Nuclear plants	Plant, machinery and other assets	Non-current assets in progress	TOTAL
Cost					
Balance as at 1 January 2021 (audited).	32,124,981	5,388,449,243	1,110,066,036	1,064,437,295	7,595,077,555
Inflows	-	-	14,233,394	260,426,011	274,659,405
Heavy water-related inflows	-	10,924,629	-	-	10,924,629
Transfers	-	119,682,584	56,015,488	(175,698,072)	-
Transfers into inventories	-	-	(471,772)	-	(471,772)
Transfer of inventories	-	-	-	(6,064,409)	(6,064,409)
Transfer from reclassified spare parts	-	-	16,804,893	(16,804,893)	-
Transfer from intangible non-current assets	-	-	-	(3,142,607)	(3,142,607)
Transfer from intangible non-current assets	-	-	4,769,053	-	4,769,053
Increases from revaluation through reserves	4,320,651	278,682,405	52,233,330	-	335,236,386
Increases from revaluation through profit and loss	529,415	-	3,652,921	-	4,182,336
Re-enactments	-	-	458,288	-	458,288
Derecognition of inspections	-	(72,856,959)	-	-	(72,856,959)
Derecognition of heavy water	-	(1,181,401)	-	-	(1,181,401)
Annulment of accumulated depreciation	-	(1,078,392,507)	(55,538,572)	-	(1,133,931,079)
Outflows	-	-	(6,169,702)	(199)	(6,169,901)
Balance as at 31 December 2021 (audited)	36,975,047	4,645,307,994	1,196,053,357	1,123,153,126	7,001,489,524
Balance as at 1 January 2022 (audited)	36,975,047	4,645,307,994	1,196,053,357	1,123,153,126	7,001,489,524
Inflows	-	-	23,542,835	471,336,664	494,879,499
Transfers	-	71,116,529	80,209,850	(151,326,379)	-
Heavy water-related inflows	-	27,816,605	-	-	27,816,605
Transfer of inventories	-	-	-	(40,632,444)	(40,632,444)
Transfer from reclassified spare parts	-	-	27,324,482	(15,598,170)	11,726,312
Derecognition of inspections	-	(132,769,584)	-	-	(132,769,584)
Derecognition of heavy water	-	(1,217,175)	-	-	(1,217,175)
Outflows	-	(487,267)	(18,111,407)	-	(18,598,674)
Balance as at 31 December 2022 (audited)	36,975,047	4,609,767,102	1,309,019,117	1,386,932,797	7,342,694,063
Depreciation and impairment adjustments					
Balance as at 1 January 2021 (audited)	550,782	1,057,248,682	595,963,307	146,586,943	1,800,349,715
Depreciation expense	-	474,198,668	71,567,252	-	545,765,920
Accumulated depreciation of inspections	-	(71,010,274)	-	-	(71,010,274)
Accumulated depreciation of outflows	-	(1,181,401)	(5,023,907)	-	(6,205,308)
Annulment of accumulated depreciation	-	(1,078,392,507)	(55,538,572)	-	(1,133,931,079)
Impairment adjustments	-	-	9,782,221	3,400,425	13,182,646
Balance as at 31 December 2021 (audited)	550,782	380,863,168	616,750,302	149,987,368	1,148,151,620
Balance as at 1 January 2022 (audited)	550,782	380,863,168	616,750,302	149,987,368	1,148,151,620
Depreciation expense	-	507,383,343	80,275,699	-	587,659,042
Accumulated depreciation of inspections	-	(119,247,275)	-	-	(119,247,275)
Accumulated depreciation of outflows	-	(1,454,046)	(14,770,722)	-	(16,224,768)
Impairment adjustments	-	-	8,912,944	(3,852,553)	5,060,391
Balance as at 31 December 2022 (audited)	550,782	767,545,190	691,168,223	146,134,815	1,605,399,010
Carrying amount					
Balance as at 31 December 2021 (audited)	36,424,265	4,264,444,826	579,303,055	973,165,758	5,853,337,904
Balance as at 31 December 2022 (audited)	36,424,265	3,842,221,912	617,850,894	1,240,797,982	5,737,295,053

NOTES 1 TO 33 ARE AN INTEGRAL PART OF THESE INDIVIDUAL FINANCIAL STATEMENTS.

THIS A FREE TRANSLATION FROM THE ROMANIAN VERSION. IN CASE OF ANY DIFFERENCES BETWEEN THE ROMANIAN AND ENGLISH VERSION, THE ROMANIAN VERSION PREVAILS

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for)

5. TANGIBLE NON-CURRENT ASSETS (CONTINUATION)

(i) Nuclear plants, machinery and other assets

In 2022, the Company purchased 11.9 tons of heavy water from the National Administration of the State Reserves and Special Problems (“ANRSPS”), needed for Units 1 and 2 amounting to RON 27,816,605, and in 2021 it purchased 5 tons of heavy water amounting to RON 10,924,629.

(ii) Non-current assets in progress

As at 31 December 2022 the net carrying amount of non-current assets in progress, of RON 1,240,797,982, included the following items:

- Investment relating to the increase in the production capacity with a net carrying amount of RON 469,495,874 (31 December 2021: RON 506,394,981);
- Investments related to Units 1 and 2, in total amount of RON 771,302,109, of which the most representative are:
 - ✓ Refurbishment of U1 in amount of RON 270,871,718 (31 December 2021: RON 135,689,797);
 - ✓ Detrition Facility for D2O in amount of RON 86,878,248 (31 December 2021: RON 75,821,481);
 - ✓ Improving the reliability of the electric generator in amount of RON 98,614,087 (31 December 2021: RON 0);
 - ✓ Building storage and loading premises for the nuclear fuel used (DICA) in amount of RON 32,853,382 (31 December 2021: RON 31,210,232);
 - ✓ Improving the nuclear security systems after Fukushima in amount of RON 38,924,333 (31 December 2021: RON 37,456,941);
 - ✓ Equipment and materials for investments in amount of RON 27,361,693 (31 December 2021: RON 48,092,603).

The gross investment value relating to the increase in the production capacity amounts to RON 471,194,441, of which the carrying amount of Units 3 and 4, amounts to RON 273,960,000 (31 December 2021: RON 273,960,000), the remaining amount representing the heavy water especially purchased for Units 3 and 4, respectively approximately 75 tons, with a carrying amount as at 31 December 2022 in amount of RON 159,253,825 (31 December 2021: 159,238,387), as well as equipment and other assets for Units 3 and 4 in amount of RON 37,980,616 (31 December 2021: RON 74,895,161). Prior to the year 1991, Units 1, 2, 3, 4 and 5 were considered as a single project and, consequently, the construction costs incurred were not allocated at the level of each unit. Subsequently, the Company performed the allocation of the construction costs for Units 3 and 4 of the nuclear plant, as well as for Unit 5.

As at 31 December 2022, the gross carrying amount of **Unit 5** amounted to RON 137 million (31 December 2021: RON 137 million). As at 31 December 2013 the Company recognized an impairment adjustment of 100% of the amount of Unit 5 since there were no plans to resume its construction as a nuclear unit. In March 2014, the Company’s shareholders approved the change in the destination and use of Unit 5 for other activities of the Company, which was a project in progress following which an asset would result with a different use compared to the initial use of Unit 5.

The main **investments commissioned** by the Company in 2022 from the projects in progress related to Units 1 and 2 were represented by: performance of the annual inspections during the scheduled shutdown of Unit 1 and the unscheduled shutdown of Unit 2, amounting to 63,688,488 RON; replacement of spare parts on equipment in operation, amounting to RON of 133,516,891; and increase in the carrying amount of DICA 12, 13 and 14 amounting to RON 21,361,160.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for)

5. TANGIBLE NON-CURRENT ASSETS (CONTINUATION)

(iii) Impairment adjustments

As at 31 December 2022, the Company books adjustments for impairment of assets of RON 5,060,391 RON (31 December 2021: RON 13,182,646).

(iv) Revaluation, depreciation method and lifetime

Buildings and lands are recognized at their fair value, based on periodical assessments carried out by external independent valuers. The re-measurement surplus included in the revaluation reserve is capitalized by the transfer into the result carried forward, upon deregistration of the asset or to the extent of its use (see Note 15). All other tangible non-current assets are recognized at historical cost less amortization.

The last **revaluation** of lands and buildings was made on 31 December 2021 by the independent valuer (Primoval S.R.L., a member of the National Association of Authorized Romanian Valuers - ANEVAR). Prior to such revaluation, lands and buildings were revalued as at 31 December 2018.

The valuation report, related to the year 2021 for tangible non-current assets of **lands** and **buildings** classes, prepared by the independent valuer Primoval S.R.L. is based on the Asset Valuation Standards, edition of 2022, valid as at 31 December 2021, drafted by the National Association of Authorized Romanian Valuers (ANEVAR) :

- General standards: SEV 100 – General framework (IVS General framework) ; SEV 101 – Valuation reference terms (IVS 101); SEV 102 – Implementation (IVS 102); SEV 103 – Reporting (IVS 103); SEV 104 – Types of value;
- Asset standards: SEV 300 – Machinery, equipment and plants (IVS 300) ; GEV 630 – Valuation of immovable assets;
- Specific use standards: SEV 430 – Valuations for financial reporting.

The estimate of fair value was made in compliance with the IFRS provisions and of the above-mentioned valuation standards. For the valuation of the administrative buildings the income method was used, with a capitalization rate between 7% - 9%, depending on the specific nature of the building. For the valuation of units 1 and 2 the depreciated replacement cost method was applied. For the valuation of lands, they opted for using the market approach, the direct comparison method.

Depreciation is calculated using the straight-line method of cost allocation or of the revalued value of assets, net of their residual values, during the estimated useful lifetime, as follows:

Asset	Number of years
Nuclear plant - Units 1 and 2	30
Heavy water (loading for Units 1 and 2)	30
Buildings	45 – 50
Inspections and overhauls	2
Other plants, equipment and machinery	3 - 20

See Note 3 (c) for the other relevant accounting policies for tangible non-current assets.

(v) Significance of estimates – valuation of lands and buildings

Information relating to the valuation of lands and buildings is presented in Note 4 (v).

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for)***5. TANGIBLE NON-CURRENT ASSETS (CONTINUATION)****(vi) *The carrying amount that would have been recognized had land and buildings been measured at cost, according to the provisions of IAS 16.77 (e)***

Had land and buildings been measured at historical cost, the amounts would have been:

	31 December 2022	31 December 2021
	(audited)	(audited)
Lands		
Cost	22,350,779	22,350,779
Accumulated depreciation	-	
Net carrying amount	22,350,779	22,350,779
	31 December 2022	31 December 2021
	(audited)	(audited)
Buildings		
Cost	7,056,923,302	7,069,432,468
Accumulated depreciation	(4,523,041,183)	(4,036,137,494)
Net carrying amount	2,533,882,118	3,033,294,975

(vii) *Decommissioning of nuclear units*

Unit 1 is designed to operate until 2026, and Unit 2 until 2037. Company did not account for any provision for decommissioning of those two units since it was not responsible for the decommissioning works. According to the Government Decision no. 1080/ 2007, Nuclear and Radioactive Waste Agency („NRWA”) is responsible for collecting the contributions paid by the Company during the remaining useful lifetime of units and accept any liability for the management of the decommissioning process at the end of the lifetime of those two units, as well as for the final storage of the nuclear waste at the end of the useful lifetime of those two units and for the permanent storage of the resulting residue (see Note 27). The cost of the Company’s contributions to NRWA in 2022 amounts to RON 100,535,482 (31 December: RON 102,229,602).

(viii) *Pledged assets*

As at 31 December 2022, respectively 31 December 2021, the Company had no pledged or mortgaged assets.

(ix) *Supplier credit*

As at 31 December 2022 the Company owned fixed assets purchased with credit from suppliers (commercial credit) in amount of RON 46,767,931 (31 December 2021: RON 31,022,440).

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for)***6. ASSETS REPRESENTING RIGHTS TO USE UNDERLYING ASSETS WITHIN A LEASING CONTRACT**

The Company adopted IFRS 16, and for this reason it recognized in the statement of financial position also assets and liabilities related to the restatement of lease agreements concluded in its capacity as lessee.

The Company concluded lease agreements for assets and liabilities and concession contracts for lands, for which it was estimated the initial value of the asset related to the right to use at a value equal to the debt discounted upon transaction, arising from such agreements, amounting to RON 16,031,241 (31 December 2021: RON 1,406,574).

(i) Amounts recognized in the Statement of financial position

Assets representing rights to use underlying assets within a leasing contract	31 December 2022 (audited)	31 December 2021 (audited)
Lands	1,422,211	1,406,574
Office spaces	14,609,030	-
Depreciation of assets representing rights to use	(465,410)	(226,181)
Total net assets representing rights to use	15,565,831	1,180,392
	31 December 2022 (audited)	31 December 2021 (audited)
Liabilities under leasing agreements		
Short-term	2,734,403	264,025
Long-term	12,831,121	910,586
	15,565,524	1,174,611

(ii) Amounts recognized in the Statement of profit or loss account

	Note	31 December 2022 (audited)	31 December 2021 (audited)
Depreciation of assets representing rights to use		271,886	163,480
Interest expense	28	32,097	25,848

(iii) Amounts recognized in the Statement of cash flows

	31 December 2022 (audited)	31 December 2021 (audited)
Total cash outflows related to leasing agreements	337,356	224,795

(iv) Recognition of leasing agreements

Information relating to the recognition of leasing agreements according to IFRS 16 are presented in Note 3 (e).

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for)***7. INTANGIBLE NON-CURRENT ASSETS**

	Licenses and software	Software for the nuclear power plant	TOTAL
Cost			
Balance as at 1 January 2021 (audited)	237,987,346	55,289,481	293,276,827
Inflows	6,503,316	-	6,503,316
Transfer into tangible non-current assets	(4,769,053)	-	(4,769,053)
Transfer from tangible non-current assets	3,142,607	-	3,142,607
Outflows	(741,573)	(1,029,938)	(1,771,511)
Balance as at 31 December 2021 (audited)	242,122,644	54,259,543	296,382,187
Balance as at 1 January 2022 (audited)	242,122,644	54,259,543	296,382,187
Inflows	11,401,870	3,626,905	15,028,775
Outflows	(17,909)	(380,168)	(398,077)
Balance as at 31 December 2022 (audited)	253,506,605	57,506,280	311,012,885
Accumulated depreciation			
Balance as at 1 January 2021 (audited)	199,248,812	40,557,342	239,806,154
Depreciation expense	6,754,403	3,201,166	9,955,569
Outflow depreciation	(741,573)	(1,029,938)	(1,771,511)
Balance as at 31 December 2021 (audited)	205,261,643	42,728,570	247,990,212
Balance as at 1 January 2022 (audited)	205,261,643	42,728,570	247,990,212
Depreciation expense	6,830,721	5,816,192	12,646,913
Outflow depreciation	(17,909)	(380,168)	(398,077)
Balance as at 31 December 2022 (audited)	212,074,455	48,164,594	260,239,048
Carrying amount			
Balance as at 1 January 2021	38,738,534	14,732,139	53,470,674
Balance as at 31 December 2021 (audited)	36,861,001	11,530,973	48,391,975
Balance as at 31 December 2022 (audited)	41,432,150	9,341,686	50,773,837

As at 31 December 2022, the intangible non-current assets held by the Company are licenses and software products purchased, and not internally generated. The Company does not book contractual commitments for development costs.

The accounting policies for intangible non-current assets are presented in Note 3 (f).

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for)***8. FINANCIAL ASSETS MEASURED AT AMORTIZED COST**

As at 31 December 2022 the Company accounted for in position “Financial assets measured at amortized cost” its contributions as member of the European Mutual Association for Nuclear Insurance (“ELINI”), of the Romanian Commodities Exchange (“BRM”), of the Romanian Atomic Forum - Romatom (“ROMATOM”) and of HENRO Association, and governmental bonds.

	31 December 2022	31 December 2021
	(audited)	(audited)
ELINI contribution	5,032,931	5,032,931
Romanian Commodities Exchange contribution	24,000	23,000
Romatom contribution	100	100
HENRO contribution	250,000	250,000
Government bonds (i)	30,260,661	30,190,266
Loans granted to subsidiaries	5,695,250	-
Total	41,262,942	35,496,297

(i) Government bonds

As at 31 December 2022, respectively 31 December 2021 the Company held governmental bonds issued by the Ministry of Public Finance, with their due date on 24 June 2026, a fixed annual interest rate of 3.25% p.a. and a tendering return of 3.51% p.a.

Movement of financial assets representing governmental bonds:

	31 December 2022	31 December 2021
	(audited)	(audited)
Balance as at 1 January	29,680,203	-
Purchases	-	29,656,680
Maturity dates	-	-
Discount depreciation	70,929	23,523
Balance at the end of the reporting period	29,751,132	29,680,203
Accumulated interest	509,529	510,063
Government bonds - total	30,260,661	30,190,266

According to the issue prospectus, on 24 June 2022 the Company received the annual coupon in the amount of RON 975,000.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for)

9. FINANCIAL INVESTMENTS IN SUBSIDIARIES

As at 31 December 2022, the situation of investments in branches is as follows:

	31 December 2022	31 December 2021
	(audited)	(audited)
Energonuclear S.A.	199,438,105	172,438,108
F.P.C.U Feldioara	200	200
Nuclearelectrica Serv	200	200
Total	199,438,505	172,438,508

Energonuclear S.A.

Energonuclear S.A. branch (“Energonuclear”) has its registered office located in Bucharest, sector 2, Bd. Lacul Tei, nr. 1 - 3, Lacul Tei Offices Building, 8th floor and is registered with the Trade register under number J40/3999/25.03.2009, with Unique Registration Code 25344972, tax attribute RO. The main activity of Energonuclear consists in “Engineering activities and related technical consultancy” - NACE Code 7112.

As of 31 December 2022 and 31 December 2021, the Company holds 100% of the share capital of Energonuclear. The value of the shareholding as at 31 December 2022 is RON 199,438,105 (31 December 2021: RON 172,438,108).

By Decision of the Extraordinary General Meeting of Shareholders no. 4/11.07.2017, the Company’s shareholders approved to grant a **loan convertible into shares** in amount of maximum RON 5,500,000 to Energonuclear S.A. branch for the purpose of financing the activities of maintenance and preservation of the site of Units 3 and 4 of Cernavodă NPP. Until 31 December 2021, Energonuclear had accessed the entire approved amount, namely RON 5,500,000, for which it had an accumulated interest rate of RON 272,005. The loan was converted into shares according to the Decision of the Extraordinary General Meeting of Shareholders no. 5/30.06.2021, registered with the Trade Register under application for amendments no. 485731/10.09.2021. As at 31 December 2022 the Company did not register any loans granted to Energonuclear S.A. branch.

In the year 2021, the share capital of Energonuclear S.A. branch was increased two times, as follows: according to the Decision of the Extraordinary General Meeting of Shareholders no. 3/21.04.2021 by issue of new shares amounting to RON 25,000,001.36, and according to the Resolution of the Extraordinary General Meeting of Shareholders no. 5/30.06.2021 in amount of RON 5,772,005.22, representing the conversion of the shareholding loan into shares.

In the year 2022, the share capital of Energonuclear S.A. branch was increased by the amount of RON 26,999,997.52, under Decision of the Extraordinary General Meeting of Shareholders no. 7/05.05.2022 by issue of new shares.

Fabrica de Prelucrare a Concentratelor de Uraniu - Feldioara S.R.L.

Fabrica de Prelucrare a Concentratelor de Uraniu - Feldioara S.R.L. Branch (“F.P.C.U Feldioara”) has its registered office located in Brasov County, Feldioara Locality, Str. Dumbravii nr. 1, the administrative building, ground floor and is registered with the Trade Register under number J8/2729/23.09.2021, with Unique Registration Code 44958790, tax attribute RO. The main activity of FPCU Feldioara consists in “Processing of nuclear fuel” – NACE Code 2446.

As at 31 December 2022, respectively 31 December 2021, the Company held 100% of the share capital of F.P.C.U Feldioara. The value of the shareholding on 31 December 2022 is RON 200 (31 December 2021: RON 200).

In the year 2021, the Company’s shareholders approved the granting of a loan in amount of RON 2,300,000, for the purpose of financing the activities and expenses of the branch upon its establishment, in compliance with the provisions of the activity programs and of the revenue and expenditure budget for the years 2021 and 2022. As at 31 December 2021, the Company granted the entire amount of RON 2,300,000 and had an accumulated interest rate of RON 3,938. As at 31 December 2022, the Company had a principal in amount of RON 3,600,000 and an accumulated interest rate of RON 138,213.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for)

9. FINANCIAL INVESTMENTS IN SUBSIDIARIES (CONTINUATION)

Nuclearelectrica Serv S.R.L.

Nuclearelectrica Serv S.A. branch has its registered office located in Constanța County, Cernavodă Locality, Str. Energiei nr. 21, Hotel nr. 2, Building B, 1st floor and is registered with the Trade Register under number J13/4108/17.12.2021, with Unique Registration Code 45374854, tax attribute RO. The main activity of Nuclearelectrica Serv consists in “Other human resources provision” - NACE Code 7830.

As at 31 December 2022, respectively 31 December 2021, the Company held 100% of the share capital of Nuclearelectrica Serv. The value of the shareholding on 31 December 2022 and 31 December 2021 is RON 200.

In the year 2022, the Company’s shareholders approved the granting of a loan in amount of RON 2,300,000, for the purpose of financing the activities and expenses of the branch upon its establishment, in compliance with the provisions of the activity programs and of the revenue and expenditure budget for the years 2021 and 2022. Until 31 December 2022, the branch had accessed the amount of RON 1,920,000, for which it had an accumulated interest rate of RON 46,617.

10. FINANCIAL INVESTMENTS IN RELATED ENTITIES

Ropower Nuclear S.A.

In September 2022 the project company Ropower Nuclear S.A. was established, owned in equal parts by the shareholders S.N. Nuclearelectrica S.A. and Nova Power&Gas S.R.L. Its registered office is located in Romania, Dâmbovița County, Doicești Locality, Strada Aleea Sinaia nr. 18, the Administrative Building, 1st floor, being registered with the Trade Register under number J15/1604/26.09.2022, Unique Registration Code 46901014, tax attribute RO. The main activity of the Company consists in the “Production of electricity” - NACE Code 3511.

As at 31 December 2022, the Company held 50% of the share capital of Ropower Nuclear S.A., the shareholding value amounting to **RON 4,943,000**.

Ropower Nuclear S.A. Company is established to develop, raise financing, design, build and operate a facility for production of electricity from nuclear energy based on the small modular reactors in Doicești, County of Dâmbovița, based on the NuScale technology, consisting of 6 NuScale modules of 77 MWe each, totalling 462 MWe, as well as to operate a facility for production of electricity from solar energy, with a capacity of at least 80-100 MWe, in the commune of Sotanga, County of Dâmbovița.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for)***11. INVENTORIES**

As at 31 December 2022 and 31 December 2021 inventories are as follows:

	31 December 2022	31 December 2021
	(audited)	(audited)
Spare parts	240,796,144	201,210,391
Other raw materials and materials	412,403,547	358,939,127
Total	653,199,691	560,149,518

(i) Valuation of inventories

Costs are valued at weighted average cost (WAC) according to IAS 2. See Note 3 (k) for the other accounting policies relevant for inventories.

(ii) Amounts recognized in the Income Statement

The value of the inventories expensed in the financial year ended on 31 December 2022 is shown under Cost of Spare Parts and Cost of Nuclear Fuel, in the Income Statement and other comprehensive income, and is RON 177,118,781 (31 December 2021: RON 171,929,082).

The value of Inventories recognized as an expense during the financial year ending as at 31 December 2022 in accordance with IAS 2.34, representing inventories scrapped, impaired, written off, is of RON 1,042,623 (31 December 2021: RON 334,530). The Company examines the evolution of inventories on a periodical basis, providing in time impairment adjustments for inventories deemed to be impaired. Therefore, for inventories scrapped the Company provided impairment adjustments, which it wrote back on revenue upon their writing off. The effect on the statement of profit or loss is insignificant.

The value of impairment adjustments for inventories as at 31 December 2022 amounted to RON 50,081,781 (31 December 2021: RON 51,816,674). In the year 2022, depreciation adjustments were set-up in the amount of RON 218,305 (31 December 2021: RON 1,248,616) and impairment adjustments were written back on revenue, in amount of RON 1,953,198 (31 December 2021: RON 1,266,562).

In the year 2022, there were no inventory outflows written back.

(iii) Pledged inventories

As at 31 December 2022 the Company has no pledged or mortgaged inventories.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for)

12. TRADE RECEIVABLES

As at 31 December 2022 and 31 December 2021 trade receivables were presented as follows:

	31 December 2022	31 December 2021
	(audited)	(audited)
Trade receivables	450,541,410	233,309,455
Impairment adjustments for trade receivables	(12,001,436)	(12,822,025)
Total	438,539,974	220,487,430

As at 31 December 2022, the main trade receivables in the balance were toward: Distribuție Energie Electrica Romania S.A. – RON 52,166,030 (31 December 2021: RON 2,377,268), Enel Energie S.A. – RON 47,068,010 (31 December 2021: RON 19,137,596) Enel Energie Muntenia S.A. – RON 43,660,872 (31 December 2021: RON 14,846,219), Electrica Furnizare S.A. – RON 40,721,750 (31 December 2021: RON 40,923,394), S.P.E.E.H. Hidroelectrica S.A. – RON 39,042,000 (31 December 2021: RON 0)

Sales made in 2022 to: The Electricity and Gas Market Operator “OPCOM” S.A. represented approximately 21% (2021: 22%), Enel Energie S.A. represented approximately 11% (2021: 5%), Enel Energie Muntenia S.A. represented approximately 10% (2021: 5%), Electrica Furnizare S.A. represented approximately 8% (2021: 16%), and E.ON Energie Romania S.A. represented approximately 5% (2021: 7%).

The Company's exposure to market and credit risks, as well as the value adjustments related to trade receivables, are presented in Note 30.

As at 31 December 2022, the headings “Trade Receivables” and “Adjustments for Impairment of Trade Receivables” include a net amount of RON 165,075,227 related to receivables from related parties (31 December 2021: RON 9,032,797).

13. OTHER FINANCIAL ASSETS MEASURED AT AMORTIZED COST

	31 December 2022	31 December 2021
	(audited)	(audited)
Other receivables	120,242,180	35,900,218
Impairment adjustments for other receivables	(583,180)	(596,559)
Taxes and duties	300,947	31,441,048
Advance payments	20,994,645	20,525,633
Total	140,954,592	87,270,340

As at 31 December 2022, the heading “Other Receivables” and “Impairment Adjustments for Other Receivables” include a net amount of RON 5,695,250 related to receivables from related parties, representing a loan granted to the subsidiary FPCU Feldioara SRL, including capitalized interest of RON 3,730,772, and a loan granted to the subsidiary Nuclearelectrica Serv SRL, including capitalized interest of RON 1,964,478 (December 31, 2021: RON 2,303,938, representing the loan granted to the subsidiary FPCU Feldioara SRL, including capitalized interest).

As at 31 December 2022, the heading “Pre-Payments” includes the amount of RON 429,334 related to payments made in advance to related parties (31 December 2021: RON 8,289,405).

As at 31 December 2022, item “Taxes and duties” represented the recoverable VAT of RON 300,947 RON (31 December 2021: RON 29,345,270).

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for)***14. CASH AND CASH EQUIVALENTS, BANK DEPOSITS**As at 31 December 2022 and 31 December 2021 **cash and cash equivalents** were presented as follows:

	31 December 2022 (audited)	31 December 2021 (audited)
Cash in hand	81,936	74,078
Cash at bank in RON	259,300,485	218,255,673
Cash at bank in foreign currencies	25,057,497	2,507,785
Bank deposits less than 3 months	2,396,122,000	1,096,283,000
Other cash equivalents	440,509	279,463
Cash and cash equivalents - Total	2,681,002,427	1,317,399,999

As at 31 December 2022 and 31 December 2021 **bank deposits** having their original due date more than 3 months and less than one year were presented as follows:

	31 December 2022 (audited)	31 December 2021 (audited)
Bank deposits	1,829,796,500	1,328,973,000

(i) Reconciliation with the Statement of cash flows

The above items are reconciled with the amount of cash presented in the Statement of cash flows at the end of the financial year, as follows:

	31 December 2022 (audited)	31 December 2021 (audited, restated)
Cash in hand	81,936	74,078
Cash at bank	284,357,982	220,763,458
Bank deposits having their original due date less than 3 months	2,396,122,000	1,096,283,000
Other cash equivalents	440,509	279,463
	2,681,002,427	1,317,399,999

(ii) Classification as cash equivalents

Term deposits are presented as cash equivalents if their due date is of 3 months or less from their set up. See Note 3 (m) for the other accounting policies of the Company concerning the cash and cash equivalents.

(iii) Restricted cash

Current accounts opened with banks are permanently at the disposal of the Company and are not restricted or encumbered.

Bank deposits are permanently at the disposal of the Company and are not restricted or encumbered.

As at 31 December 2022 the Company held bank guarantee letters under certain credit facilities, without any collateral deposits, in amount of RON 124,714,365 RON (31 December 2021: RON 91,453,350).

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for)

15. EQUITY

Share capital

The Company was established by spin-off from the former Autonomous Electricity Administration (“RENEL”). Share capital represents the State contribution to the Company’s establishment as at 30 June 1998 (restated with inflation until 31 December 2003), plus subsequent increases.

According to the articles of association, the authorized share capital of the Company amounts to RON 3,016,518,660. Subscribed and paid up share capital as at 31 December 2022 amounted to RON 3,016,438,940 RON, under the authorized capital.

As at 31 December 2022 and 31 December 2021, share capital included the effects of restatements registered also in the previous years according to the application of IAS 29 “Financial reporting in hyperinflationary economies”.

The structure of share capital is presented as follows:

	31 December 2022	31 December 2021
	(audited)	(audited)
Share capital subscribed and paid up (nominal value)	3,016,438,940	3,016,438,940
Restatement differences according to IAS 29	195,502,743	195,502,743
Share capital (restated value)	3,211,941,683	3,211,941,683

As at 31 December 2022, the statutory share capital value subscribed and paid up in full amounted to RON 3,016,438,940 RON, made up of 301,643,894 ordinary shares, each with a nominal value of RON 10.

The last increase in the share capital was made in the year 2020 by subscription of a number of 130,043 new shares, in amount of RON 1,300,430, representing the contribution in kind of the Romanian State, represented by the Ministry of Economy, Energy and Business Environment, and in cash representing the contribution of the Company’s shareholders. The increase in the share capital was made based on the Proportioned offer Prospectus related to the increase of the share capital, approved by Decision of AFS no. 976/13.08.2020 and by Decisions of the Extraordinary General Meeting of Shareholders no. 2/04.01.2019 and no. 12/19.12.2019, registered with the National Trade Register Office according to the Certificate of Amendments no. 484154/30.09.2020.

Holders of ordinary shares are entitled to receive dividends, as they are declared at certain timeframes, and the right to vote for one share within the General Meetings of Shareholders of the Company.

As at 31 December 2022 and 31 December 2021 shareholding structure was presented as follows:

Shareholders	Number of shares	% of the	Number of shares	% of the
	31 December 2022	share	31 December 2021	share
		capital		capital
Romanian State - Ministry of Energy	248,850,476	82.4981%	248,850,476	82.4981%
Other shareholders	52,793,418	17.5019%	52,793,418	17.5019%
Total	301,643,894	100%	301,643,894	100%

Share premium

In November 2013, the Company issued 28,100,395 ordinary shares to Bucharest Stock Exchange, by an initial public offer and by the shareholder Fondul Proprietatea S.A. exercising the right of preference. The amount received of RON 312,478,099 was made up of the increase of the share capital in amount of RON 281,003,950 and an issue premium in amount of RON 31,474,149.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for)***15. EQUITY (CONTINUATION)*****Reserves paid in advance***

Reserve paid in advance amounted to RON 21,553,537 as at 31 December 2022 and 31 December 2021 and represented sites of public utility from Cernavodă NPP (RON 5,439,321 as at 31 December 2022 and 31 December 2021) and budget allowances related to the period 2007 - 2011 for building the Training and Recreation Center for Young People and Children in Cernavodă (RON 16,114,216) as at 31 December 2022 and 31 December 2021).

Statutory Reserves

According to legal requirements, the Company sets up statutory reserves of 5% of the gross profit statutorily registered, up to 20% of the share capital. The value of legal reserve as at 31 December 2022 amounted to RON 414,757,698 (31 December 2021: RON 255,132,853).

Legal reserves cannot be distributed to shareholders. The value of legal reserves was included in the financial position statement, under line "Result carried forward".

Revaluation reserves, net of deferred tax

As at 31 December 2022, the revaluation reserve net of deferred tax amounted to RON 394,369,643 RON (31 December 2021: RON 451,742,500), net of deferred tax related to the revaluation reserve. The last revaluation of lands, buildings and constructions was made on 31 December 2021 by the independent valuer Primoval S.R.L., a member of the National Association of Authorized Romanian Valuers ("ANEVAR"). Prior to such revaluation, lands and buildings were revalued as at 31 December 2018.

In 2022, the Company recognized a decrease in the revaluation reserve, net of deferred tax, of RON 57,372,857 following its transfer to retained earnings (2021: RON 28,655,963).

Retained earnings

Retained earnings represent the accumulated result of the Company. Retained earnings are distributed based on the annual financial statements prepared in compliance with the Order of the Minister of Public Finance no. 2844/2016 for approval of Accounting Regulations compliant with the International Financial Reporting Standards.

In the financial year ended on 31 December 2022, the Company distributed dividends of RON 595,925,367 from the net profit of the 2021 financial year, according to OGMS Decision no. 5/28.04.2022 (2021: RON 472,117,575, distributed from the net profit of the 2020 financial year, according to OGMS Decision no. 5/26.04.2021). Net dividends unpaid as at 31 December 2022 amounted to RON 748,270 (31 December 2021: RON 848,118).

Movements in result carried forward

	Note	31 December 2022 (audited)	31 December 2021 (audited)
Balance as at 1 January		4,648,549,459	4,055,915,983
<i>Net profit of period</i>		2,764,423,452	1,036,261,626
Actuarial Gains/(Losses) related to the defined benefit plans		1,745,457	471,723
Retained earnings from other adjustments		-	(638,261)
Transfer of revaluation reserves into retained earnings due to amortization		57,372,857	28,655,963
Dividends		(595,925,367)	(472,117,575)
Balance as at 31 December		6,876,165,858	4,648,549,459

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for)***15. EQUITY (CONTINUATION)*****Dividends and profit distribution***

In accordance with the statutory and legal provisions in force, the Ordinary General Meeting of Shareholders approves and fixes the dividends. The Board of Directors of the Company proposed to the shareholders the following distribution of the net profit.

Net profit to be allotted for the 2022 financial year	2,764,423,452
Statutory Reserves	159,624,845
Other reserves representing fiscal facilities provided by the law	65,367,295
Dividends	1,283,215,656
Other reserves (own financing sources)	1,256,215,656
Profit yet to be distributed	-

The net profit distribution proposal complies with the provisions of the Government Ordinance no. 64/2001 on the profit distribution at national enterprises, national companies and companies with full or majority State capital, as well as at self-governed administrations, as subsequently amended and supplemented.

The amounts proposed to be distributed as “employee participation in profit” are up to 10% of the net profit; however, not more than one average monthly base salary obtained in 2022, and considering the average headcount in 2022. The obligation to participate in the profit was established in income and expenditure budget for 2022, so that the provisions of Article 1(1)(e) of the Government Ordinance no. 64/2001 are observed. The amounts representing the employee participation in profit do not represent a direct distribution from the net profit; these are provisioned at the end of the financial year and distributed in the following financial year, after approval of the net profit distribution. Thus, the net profit of the financial year 2021 includes a provision for employee participation in profit (deducted from the accounting profit), of RON 27.0 million.

The amounts allocated to the statutory reserve are determined based on the provisions of Article 183 of Law no. 31/1990 according to which "at least 5% will be set aside from the Company's profit every year for the formation of the reserve fund, until this reaches at least one fifth of the share capital". The amount allocated to the statutory reserve was set aside at the end of the financial year, and represented the mandatory distribution of RON 159.624.845.

Other reserves representing tax facilities provided by the law (RON 65,367,295) are allocated based on Article 22(1) of Law no. 227/2015 on the Tax Code, as subsequently amended and supplemented; these refer to the exempted corporate tax related to the profit invested in engineering equipment, electronic computers and peripheral equipment, cash registers, control and invoicing equipment, as well as software, either produced and/or purchased, as provided in subgroup 2.1, respectively in class 2.2.9 of the "Catalogue for classification and normal operating times of plant, property and equipment", used to carry out the business activity. The amount allocated to reserves is the amount of profit invested in this equipment, net of the statutory reserve (5%).

The proposed gross dividends (RON 1.283.215.656) represent a distribution of **50% of the profit** remaining after deduction from the net profit of the financial year (RON 2.764.423.452) of the statutory reserve (RON 159.624.845) and of the reserves representing tax facilities (RON 65,367,295).

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for)***16. EARNINGS PER SHARE**

As at 31 December 2022 and 31 December 2021, earnings per share were:

	<u>2022</u>	<u>2021</u>
	<u>(audited)</u>	<u>(audited)</u>
(i) Earnings based on share		
Net profit of the financial year	2,764,423,452	1,036,261,626
Number of ordinary shares at the beginning of the financial year	301,643,894	301,643,894
Number of ordinary shares issued during the financial year		
Weighted average number of ordinary shares as at 31 December	301,643,894	301,643,894
Earnings per share (RON/share)	9.16	3.44
(ii) Diluted earnings per share		
	<u>2022</u>	<u>2021</u>
	<u>(audited)</u>	<u>(audited)</u>
Net profit of the financial year	2,764,423,452	1,036,261,626
Number of ordinary shares at the beginning of the financial year	301,643,894	301,643,894
Number of shares issued during the period	-	-
Weighted average number of ordinary shares at the end of the financial year	301,643,894	301,643,894
Weighted average number of ordinary shares (diluted) as at 31 December	301,643,894	301,643,894
Diluted earnings per share (RON/share)	9.16	3.44

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for)***17. LOANS**

The loans taken out by the Company as at 31 December 2022 and 31 December 2021 were as follows:

	31 December 2022 (audited)	< 1 year	> 1 year	31 December 2021 (audited)	< 1 year	> 1 year
Bank loans	130,116,620	65,305,680	64,810,940	298,191,838	168,056,808	130,135,030
Interest	219,753	219,753	-	69,731	69,731	-
Total	130,336,373	65,525,433	64,810,940	298,261,569	168,126,539	130,135,030

Bank loans

Loans repayments during the financial year ended as at 31 December 2022 were:

	Currency	Interest rate	Value	Final maturity year
Balance as at 1 January 2022 (audited)			298,191,838	
New drawdowns				
Repayments, of which			(173,284,441)	
Societe Generale – ANSALDO BC	EUR	EURIBOR 6M + 0.7%	(19,002,453)	2022
Societe Generale – AECL BC	CAD	CDOR 6M + 0.375%	(39,683,048)	2022
EURATOM	EUR	EURIBOR 6M + 0.08%	(114,598,940)	2024
Foreign exchange differences			1,921,904	
Commitment fees			3,287,319	
Balance as at 31 December 2022 (audited)			130,116,620	

(i) Long-term loansAs at 31 December 2022 and 31 December 2021 **long-term** loans from the credit institutions were presented as follows:

	31 December 2022 (audited)	31 December 2021 (audited)
Societe Generale - ANSALDO BC	-	19,022,060
Societe Generale - AECL BC	-	37,526,147
EURATOM	130,116,620	244,930,950
Total loans	130,116,620	301,479,156
Less: current part of the long-term loans	(65,305,680)	(171,344,126)
Total long-term loans net of the short-term portion	64,810,940	130,135,030

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for)

17. LOANS (CONTINUATION)

Long-term loans are detailed as follows:

a) *Loan granted by Societe Generale – ANSALDO*

The loan was granted by Societe Generale to the Company in 2002. The initial amount of the loan obtained was EUR 115.3 million. The amount due as at 31 December 2022 is EUR 0 (zero) million (31 December 2021: EUR 3.8 million). Repayment is staged-out over a period of 16 years, in 30 instalments payable between December 2007 and June 2022. The loan carries a floating interest rate of EURIBOR 6M + 0.45% for the first 15 years and EURIBOR 6M + 0.7% for the remaining period. The loan is secured by the Romanian State through the Ministry of Finance.

b) *Loan granted by Societe Generale – AECL*

The loan was granted by Societe Generale to the Company in 2002. The initial amount of the loan obtained was CAD 327.8 million. The amount due as at 31 December 2022 is CAD 0 (zero) million (31 December 2021: CAD 10.92 million). Repayment is staged-out over a period of 16 years, in 30 instalments payable between December 2007 and June 2022. The loan carries a variable interest CDOR 6M + 0.375%. The loan is secured by the Romanian State through the Ministry of Finance.

c) *Loan granted by EURATOM*

The loan was granted by EURATOM to the Company in 2004. The initial amount of the loan obtained was EUR 223.5 million. The amount due as at 31 December 2022 is EUR 26.3 million (31 December 2021: EUR 49.5 million), related to the following instalments: (i) instalment I with a principal of EUR 0 (zero) million (31 December 2021: EUR 10 million); (ii) instalment II with a principal of EUR 18 million (31 December 2021: EUR 27 million) and (iii) instalment III with a principal of EUR 8.3 million (31 December 2021: EUR 12.5 million). Instalment I was repaid in 20 instalments payable in years 2013-2022; instalment II will be repaid in 20 instalments payable in years 2015-2024, and instalment III will be repaid in 16 instalments payable in years 2017-2024. The loan carries a floating interest rate of EURIBOR 6M + 0.080% for the first two instalments and EURIBOR 6M + 0.079% for the 3rd instalment. The loan is secured by the Romanian State through the Ministry of Finance.

The loan agreement sets out certain financial clauses: (i) the debt service coverage ration must be at least 1.5; (ii) the indebtedness must not exceed 2; (iii) the income booked by the Company must be sufficient to cover the operating and maintenance costs of Units 1 and 2, as well as for the interest payments in relation to Units 1 and 2.

The financial ratios need to be calculated based on the financial statements prepared in compliance with the International Financial Reporting Standards.

As at 31 December 2022 and 31 December 2021, the financial ratios requested by EURATOM are met. All loans were contracted to finance construction of Unit 2.

The Company has not entered into any hedging arrangement for its liabilities in foreign currency obligations or interest rate exposure. The fair value of long-term loans, which was estimated by discounting the future contractual cash flows using the current interest rate on the available market for similar financial instruments, does not differ significantly from the amounts above.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for)***17. LOANS (CONTINUATION)****Collaterals**

The loans from foreign banks contracted with Societe Generale (“SG”) and EURATOM are secured by the Romanian State through the Ministry of Public Finance. In addition, loans from SG are secured by external insurers (COFACE) and promissory notes are issued by the Company in favour of this creditor.

(ii) Short-term loans

As at 31 December 2022 and 31 December 2021 **short-term** loans were presented as follows:

	31 December 2022	31 December 2021
	(audited)	(audited)
Current part of the long-term loans	65,305,680	171,344,126
Long-term loans interest	219,753	69,731
Commitment fees and short-term insurance	-	(3,287,319)
Short-term loans - Total	65,525,433	168,126,539

18. TRADE AND OTHER PAYABLES

As at 31 December 2022 and 31 December 2021 trade and other payables were as follows:

	31 December 2022	31 December 2021
	(audited)	(audited)
Suppliers of non-current assets	46,767,931	31,022,440
Suppliers	110,396,300	92,429,200
Liabilities for employee debts	37,461,202	27,659,866
Liabilities to the state	239,212,576	106,820,417
Payable gross dividends	763,805	863,842
Other liabilities	10,713,845	27,144,138
Total	445,315,659	285,939,903

As at 31 December 2022, the main suppliers in the balance, from positions of “Suppliers of non-current assets” and “Suppliers”, were: Candu Energy Inc. – RON 26,956,168 (31 December 2021: RON 11,842,682), General Electric Global Services GMBH – RON 23,264,335 (31 December 2021: RON 2,255,783), Apele Romane Bucuresti – RON 12,302,495 (31 December 2021: RON 12744720), the National Company for the Transmission of Electricity “Transelectrica” S.A. - RON 5,610,805 (31 December 2021: RON 1,470,551).

As at 31 December 2022, “Trade Payables and other Liabilities” include the amount of RON 38,176,357 (31 December 2021: RON 33,664,656) related to liabilities to related parties, of which, under the headings "Suppliers" and "Suppliers of non-current assets", RON 30,113,114 (31 December 2021: RON 25,110,349) and under the heading “Liabilities to the State”, the amount of RON 8,063,243 (31 December 2021: 8,554,307 RON), representing the contribution to NRWA for decommissioning of the nuclear units and permanent storage of radioactive waste.

As at 31 December 2022, the heading “Liabilities to the State” includes mainly the liability related to the local taxes and duties set by the State authorities in 2023, of RON 73,261,115 (31 December 2021: RON 68,730,542) which, according to IFRIC 21 - Levies, it is recognized on 31 December. The taxes and duties fall due in the 2023 financial year.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for)***19. PROVISIONS FOR RISKS AND CHARGES**

As at 31 December 2022, respectively 31 December 2021 the Company recognized the following provisions, included under position of “Provisions for risks and charges” and under position of “Current part of provisions for risks and charges”:

	31 December 2022	31 December 2021
	(audited)	(audited)
Liabilities relating to the Intermediate Dry Storage Spent Fuel Facility (DICA)	70,294,835	70,278,140
Liabilities relating to other low and medium level radioactive and non-radioactive waste	64,737,442	115,383,486
Provision for litigations related to salary bonus	89,288,704	109,608,912
Employee participation in profit	27,000,000	20,000,000
Other provisions for risks and charges	224,307	93,610
Total	251,545,288	315,364,148

As at 31 December 2022, provisions in a total amount of RON 286,533,115 represented long and short-terms liabilities, as follows:

	Current part	Long-term part
	(< 1 year)	(> 1 year)
Liabilities relating to the Intermediate Dry Storage Spent Fuel Facility (DICA)	36,687,192	33,607,643
Liabilities relating to other low and medium level radioactive and non-radioactive waste	13,129,086	51,608,356
Provision for litigations related to salary bonus (i)	-	89,288,704
Employee participation in profit	27,000,000	-
Other provisions for risks and charges	224,307	-
Total	77,040,585	174,504,703

- (i) The item “Provision for disputes related to salary increases” represents the preliminary effect of the disputes initiated by trade unions against the Company, Cernavodă NPP Trade Union and Energetica Nucleara '90 Free Trade Union, regarding the allowance for nuclear risk, representing a pay supplement. According to Civil Decision no. 63/27.02.2023 pronounced by the Constanta Court of Appeal in file no. 7036/118/2017, having as its object unpaid salary rights, representing the value of the increase in professional risk, the appeal filed by the plaintiffs was rejected as unfounded. The solution is definitive. Thus, the Company registered the value of the provision established for this file as income, in the amount of 34,987,828 RON.

See Note 3 (s) for the provision-relevant accounting policies.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for)***20. DEFERRED INCOME**

As at 31 December 2022 and 31 December 2021, deferred income is as follows:

	31 December 2022	31 December 2021
	(audited)	(audited)
Creditor customer	154,743,583	86,247,146
Grants of subsidy nature (i)	57,818,929	73,036,375
Governmental investment subsidies (ii)	5,918,917	-
Other deferred income	2,217,595	2,401,216
Total	220,699,024	161,684,737

(i) Grants of subsidy nature

As at 31 December 2022, the Company has grants coming from:

a) Subsidy amortized during the lifetime of Unit 1

The subsidies were granted in 2007 and consisted of writing off penalties and debts under loan agreements. The subsidies are recognized in the profit and loss statement as income for the period 2007 - 2026, over the period remaining to be depreciated for Unit 1. The value of the income from subsidies recognized in the Income Statement under "Other income" in 2022 amounts to RON 14,354,675 (2021: RON 14,354,155). The value of the subsidy at 31 December 2022 is in amount of RON 57,692,580 (31 December 2021: RON 72,037,242).

b) Grant agreement under the "Connecting Europe Facility" (CEF) - telecommunications sector, for the action "Cynergy - first ISAC for the Energy Sector in Romania", carried out through the European Health and Digital Executive Agency (HaDEA), in accordance with the rights delegated by the European Commission.

The action (Cynergy) aims to create a national information sharing and analysis center (ISAC) in the energy sector (electricity sub-sector) in Romania, which will serve the most prominent companies in this industry of the country, but taking into account a potential expansion to the South-Eastern Europe. The action will develop a robust and trusted sharing community that can easily provide useful knowledge and support to ISAC members when faced with cyber security threats.

The agreement is performed in the period 1 September 2021 – 30 August 2023. The maximum amount granted is EUR 445,024 and accounts for 75% of the eligible costs of the action. Before the date of these financial statements, the Company received the pre-financing of EUR 267,014. In 2022, project-related income or expenditure were booked in the amount of RON 872,785 (2021: RON 0 (zero)). The value of the subsidy at 31 December 2022 is in amount of RON 126,349 (31 December 2021: RON 99,133).

At the date of these financial statements, the Company does not report either any defaults of the conditions imposed for granting the subsidy, or any contingencies.

(ii) Governmental investment subsidies

The Company received from the US Trade and Development Agency (USTDA) a grant of USD 1.2 million in order to finance identification and assessment of a number of sites in Romania, including sites with existing coal-fired thermal plants that could be replaced by small modelling reactors. The study identified a number of potentially suitable sites, and eventually the site chosen for development of the first small modular reactor in Romania was that of Doicești, County of Dâmbovița.

The grants and governmental subsidies are recognized according to the provisions of IAS 20 "Accounting for government grants and disclosure of government assistance" (see Note 3(q)).

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for)***21. CORPORATE INCOME TAX**

Corporate tax recognized in profit and loss statement:

	2022	2021
	(audited)	(audited)
Expense with current corporate tax	434,906,067	185,704,810
Net (income) from deferred tax	(6,832,608)	(17,873,134)
Total	(428,073,459)	(167,831,676)

Deferred tax assets and liabilities are measured on 31 December 2022 and 31 December 2021 at the standard tax rate of 16%, representing the currently adopted tax rate.

Reconciliation of the effective tax rate:

	2022	2021
	(audited)	(audited)
Profit before corporate tax	3,192,496,911	1,204,093,302
Tax in accordance with the statutory tax rate of 16%	510,799,506	192,654,928
Effect on corporate tax of:		
Legal reserve	(25,539,975)	(9,621,497)
Tax amortization	(668,487)	(783,992)
Non-taxable income	(23,230,520)	(9,220,097)
Non-deductible costs	28,088,231	28,470,634
Gain from revaluation reserves	16,995,371	10,808,054
Temporary differences	(6,832,608)	(17,873,134)
Sponsorship	(6,776,395)	(7,221,810)
Reinvested profit	(11,009,228)	(3,221,916)
Corporate tax reduction according to the Government Emergency Ordinance no. 153/2020	(53,752,435)	(16,148,244)
Expense with corporate tax	428,073,459	167,831,677

The deferred tax consists of:

31 December 2022			
(audited)	Assets	Liabilities	Net
Tangible non-current assets		141,888,769	141,888,769
Intangible non-current assets		1,045,028	1,045,028
Inventories	3,699,283		3,699,283
Trade receivables	(1,859,077)		(1,859,077)
Liabilities for employee benefits	(7,289,215)		(7,289,215)
Employee participation in profit	(4,320,000)		(4,320,000)
Provision for salary increases	(14,286,191)		(14,286,191)
Leaves not taken	(1,441,780)		(1,441,780)
Taxes and duties	(11,601,703)		(11,601,703)
Other provisions	(30,897)		(30,897)
Radioactive and non-radioactive waste	(10,357,991)		(10,357,991)
Net tax (asset)/liability	(47,487,571)	142,933,797	95,446,226

NOTES 1 TO 33 ARE AN INTEGRAL PART OF THESE INDIVIDUAL FINANCIAL STATEMENTS.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for)***21. CORPORATE INCOME TAX (CONTINUATION)**

31 December 2021 (audited)	Assets	Liabilities	Net
Tangible non-current assets		162,161,766	162,161,766
Intangible non-current assets		1,250,695	1,250,695
Inventories	(651,876)		(651,876)
Trade receivables	(1,992,016)		(1,992,016)
Liabilities for employee benefits	(7,420,638)		(7,420,638)
Employee participation in profit	(3,200,000)		(3,200,000)
Provision for salary increases	(17,512,945)		(17,512,945)
Leaves not taken	(877,635)		(877,635)
Taxes and duties	(10,977,700)		(10,977,700)
Other provisions	(39,458)		(39,458)
Radioactive and non-radioactive waste	(18,461,358)		(18,461,358)
Net tax (asset)/liability	(61,133,626)	163,412,461	102,278,835

The table with the movements in the 2022 and 2021 deferred tax liabilities is as follows:

	Balance as at 31 December 2020 (audited)	Deferred tax recognized in profit and loss	Deferred tax recognized directly in other comprehensive income	Balance as at 31 December 2021 (audited)	Deferred tax recognized in profit and loss	Deferred tax recognized directly in other comprehensive income	Balance as at 31 December 2022 (audited)
Tangible non-current assets	120,113,342	(11,576,632)	53,637,822	162,161,766	(20,272,996)	10,928,240	141,888,769
Intangible non-current assets	1,362,970	(112,276)		1,250,695	(205,667)		1,045,028
Inventories	(881,818)	229,942		(651,876)	4,351,159		3,699,283
Trade receivables	(1,687,382)	(304,634)		(1,992,016)	132,939		(1,859,077)
Liabilities for employee benefits	(5,850,125)	(1,570,513)		(7,420,638)	131,424		(7,289,215)
Provision for salary increases	(15,553,480)	(1,959,465)		(17,512,945)	3,226,754		(14,286,191)
Employee participation in profit	(3,412,232)	212,232		(3,200,000)	(1,120,000)		(4,320,000)
Leaves not taken	(724,373)	(153,261)		(877,635)	(564,145)		(1,441,780)
Taxes and duties	(10,218,498)	(759,202)		(10,977,700)	(624,003)		(11,601,703)
Radioactive and non-radioactive waste	(16,621,492)	(1,839,866)		(18,461,358)	8,103,368		(10,357,991)
Other provisions	-	(39,458)		(39,458)	8,560		(30,897)
Net tax (asset)/liability	66,526,912	(17,873,132)	53,637,822	102,278,835	(6,832,607)	10,928,240	95,446,226

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for)***22. LIABILITIES FOR EMPLOYEE BENEFITS**

	31 December 2022 (audited)	31 December 2021 (audited)
Retirement benefits	25,011,151	21,173,561
Anniversary bonuses	11,878,616	12,491,451
Decease benefits	894,429	885,922
Retirement benefits in electricity	7,773,395	11,828,056
Total	45,557,591	46,378,990

As at 31 December 2022, the Company has the following obligations:

- to pay the retiring employees the retirement pension which varies between 2 and 3 base pays, depending on the number of years of service in the field of electricity, heat and nuclear energy;
- to pay the employees anniversary bonuses depending on the number of years of service in the field of electricity, heat and nuclear energy;
- to pay an aid to the employee's family, in case of their decease;
- to pay the retiring employees an energy benefit, representing the equivalent of the electricity quota of 1,200 kWh/year. The criterion for granting this benefit is 15 years of service in the energy field, of which at least the last 10 years with the Company. This benefit is granted starting from 1 April 2017.

The following **macroeconomic and Company-specific assumptions** were considered for application of IAS 19 "Employee Benefits" as at 31 December 2022 and 31 December 2021.

Measurement date	31 December 2022	31 December 2021
Number of employees	2,344	2,205
Salary increase rate	<p>The management of the Company estimated an increase in line with the annual increase rate of consumer prices communicated by the National Prognosis Committee for 2022-2026. The weighted average rate of salary increases is 5.7% p.a.</p> <p>The inflation rate was estimated based on the statistics issued by INSSE and the BRD forecast of August 2022, as follows: 13.9% in 2022, 7.5% in 2023, 4.9% in 2024, 3.0% in 2025 and 2.5% p.a. in years 2026-2031, and will follow a downward trend in the following years. The average weighted inflation rate is 3.7% p.a.</p>	<p>The management of the Company estimated an increase in line with the annual increase rate of consumer prices communicated by the National Prognosis Committee for the weighted average rate of salary increases is 2.8% p.a.</p> <p>The inflation rate was estimated based on the 2021-2025 Autumn Forecast issued by the National Strategy and Prognosis Committee, as follows: 4.7% in 2022, 3.4% in 2023, 2.7% in 2024 and 2.5% p.a. in years 2025-2031, and will follow a downward trend in the following years.</p>
Raise rate in kWh price	The kWh price as updated on 31 December 2022 was RON 1.2961. For years 2023-2030, the estimates provided by the Company and a similar trend for the following years were used. The weighted average rate of the kWh price rise is 0.8% p.a.	The kWh price as updated on 31 December 2021 was RON 0.7567. For years 2022-2030, the estimates provided by the Company and a similar trend for the following years were used.
Weighted average discounting rate	7.8%	4.9%
Mortality tables	2018 Mortality Table of the Romanian population issued by the National Institute of Statistics.	2018 Mortality Table of the Romanian population issued by the National Institute of Statistics.
Gross average salary	10,895	9,337

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for)***22. LIABILITIES FOR EMPLOYEE BENEFITS (CONTINUATION)**

The above assumptions were taken into considering:

- bond yields on the active market at the end of December 2022. The residual times to maturity available were 1-10 years and 13-14 years. For the other time periods, the discount rate was estimated using the Smith-Wilson extrapolation method;
- estimated long-term inflation rate of 2.0% p.a. (31 December 2021: 2.0%);
- estimated long-term real yield on governmental bonds of 1.45% p.a. (31 December 2021: 1.6%);
- liquidity premium for Romania of 0% (31 December 2021: 0%);
- weighted average discounting rate of 7.8% (31 December 2021: 4.9%).

Sensitivity analysis

The significant actuarial assumptions considered for calculation of the employee benefit liability are: discounting rate, salary increase and retirement age.

Assumptions	Retirement benefits	Aids for employee decease	Anniversary bonuses	Retirement benefits in electricity	Total liabilities with defined benefits
PVDBO as at 31 December 2022 (RON)	25,011,151	894,429	11,878,616	7,773,395	45,557,591
Discounting rate +1%	23,771,840	840,859	11,204,837	6,825,570	42,643,105
Discounting rate -1%	26,379,315	954,298	12,627,262	8,926,409	48,887,284
Salary increase rate/kW price +1%	26,501,421	963,695	12,739,570	9,016,634	49,221,320
Salary increase rate/kW price -1%	23,648,485	832,279	11,100,479	6,747,378	42,328,622
Increase in longevity by 1 year	25,117,367	812,688	11,917,866	7,960,759	45,808,679

In the sensitivity analysis above, the updated amount of the benefit liability was calculated using the projected unit credit method, according to the provisions of IAS 19, at the end of the reporting period, which is the same as that applied for calculation of the benefit liabilities recognized in the statement of the financial position.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for)***23. INCOME FROM THE SALE OF ELECTRICITY****(i) Income from sales of electricity**

	2022	2021
	(audited)	(audited)
Sales of energy on the regulated market	-	65,878
Sales of energy on the free market	6,337,877,402	3,096,113,550
Sales of thermal energy	5,729,022	6,940,688
Income from the sale of green certificates	33,276	29,457
Total	6,343,639,700	3,103,149,573

(ii) Quantity of sold electricity*)

	2022	2021
	(audited)	(audited)
Quantity of sold electricity on the regulated market (MWh)	-	361
Quantity of sold electricity on the free market (MWh)	10,513,116	10,890,657
	10,513,116	10,891,017

*) The amount of electricity sold does not include the amount of electricity related to income from positive imbalances recovered on the Balancing Market, of 40,798 MWh for the financial year ended on 31 December 2022 (33,702 MWh for the financial year ended on 31 December 2021).

The Romanian energy sector is regulated by the Romanian Energy Regulatory Authority (“ANRE”), an independent public institution.

Starting from the year 2021, ANRE has not established any delivery obligations for producers on the regulated market. Agreements concluded on the regulated market for the 2nd semester of 2020 have delivery term expressed in CET hours; the last delivery hour in the year 2020 was the first hour of January 2021 (361 MWh, regulated price amounting to RON 182.63/MWh (amount net of T_g)).

On the free market, the Company sold 99.61% of the total energy sold in 2022 (2021: 99.69%), at an average sale price of RON 600.15/MWh (2021: 284.29 RON/MWh), amount net of T_g.

The Company is a participant in the Balancing Market according to the balancing market participation agreement concluded with C.N. Transelectrica S.A. and set up a Guarantee in amount of RON 50,000, valid until 11 June 2023 and is a member of PRE Ciga Energy SA, according to the agreement concluded with Ciga Energy S.A. for the provision of the representation service as a party responsible for balancing.

The Company carries out the activity of generation of heat energy by operation of the energy facilities related to the electricity and heat energy production units in two heat exchangers with a total heat power of 40 Gcal/h and 46.51 MW. The Company delivers heat to the local heat distribution company, S.C. Utilitati Publice S.A. Cernavodă, as well as to certain end consumers in Cernavodă Locality– economic operators, social and cultural institutions. The sales of heat in 2022 amount to RON 5,729,022 (2021: RON 6,940,688).

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for)***24. OTHER INCOME**

	2022	2021
	(audited)	(audited)
Income from investments subsidies	14,354,675	14,354,155
Income from operating subsidies	872,785	-
Income from compensation, fines and penalties	3,592,024	6,223,431
Net income from sale of assets held for sale	-	1,970,976
Income from restatement of provisions and value adjustments	74,987,912	-
Other income	73,660,311	64,691,980
Total	167,467,707	87,240,542

The subsidies for investments (long-term deferred income) were granted in 2007 and consisted of writing off penalties and debts under loan agreements. The subsidies are recognized in the profit and loss statement as income for the period 2007 - 2026, over the period remaining to be depreciated for Unit 1.

25. PERSONNEL COSTS

	2022	2021
	(audited)	(audited)
Salaries and wages	509,613,797	408,570,366
Costs of social insurance and similar	45,622,074	35,516,867
Total personnel costs	555,235,871	444,087,233

The breakdown on categories of employees is as follows:

	2022	2021
	(audited)	(audited)
Management staff	89	221
Operational staff	2,256	1,984
Total effective headcount	2,345	2,205

The average headcount of the Company in 2022 was 2,221 (2021: 2,002 employees). As at 31 December 2021, the effective headcount was 2,345 (2021: 2,205 employees).

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for)***26. ADDITIONAL INCOME TAX EXPENSES / CONTRIBUTION TO THE ENERGY TRANSITION FUND**

	2022	2021
	(audited)	(audited)
Additional income tax expenses / Contribution to the Energy Transition Fund	1,085,014,040	-
Total	1,085,014,040	-

During 2022, the Company has booked additional income tax, i.e., contribution to the Energy Transition Fund, in the amount of RON 1,085,014,040 (31 December 2021: RON 0). On December 31, 2022, the balance of the debt regarding the contribution to the Energy Transition Fund is worth RON 73,259,726 (31 December 2021 RON: 0).

The additional income was established and calculated on the basis of art. II (1) of Law no. 259/2021 for the approval of GEO no. 118/2021, as subsequently amended and supplemented, and results from the difference between the average monthly selling price of electricity and the price of 450 RON/MWh. The tax rate applied to additional income realized is 80%. The calculation method is established by GEO no. 27/2022 (Annex 6) and applies, according to art. 4 of the GEO no. 27/2022 for the period 1 November 2021 - 31 August 2022.

According to GEO no. 119/01.09.2022 for amendment and supplement of GEO no. 27/2022, starting with 1 September 2022, for the period 1 September 2022 - 31 August 2023, electricity producers must pay a contribution to the Energy Transition Fund. The calculation method is provided for in Annex 6 of this ordinance and is determined as a difference between the monthly sale price and the reference price (RON 450/MWh) multiplied by the monthly quantity physically delivered.

Effective 16 December 2022, Law no. 357/2022 approving the Government Emergency Ordinance no. 119/01.09.2022, which set forth a number of amendments to the provisions of the Government Emergency Ordinance no. 119/2022 on the contribution to the Energy Transition Fund, came into effect. The application period has been extended until 31 March 2025, and the calculation methodology was amended so that the amount of the contribution would be further determined as the product between the difference between the monthly sale price and the amount of RON 450/MWh and the monthly quantity physically delivered from own production. During the time period when Law no. 357/2022 applies, the monthly expenditure included also the cost of unbalances.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for)***27. OTHER OPERATING EXPENDITURE**

	2022	2021
	(audited)	(audited)
Other expenses with services executed by third parties	97,498,218	90,869,487
NRWA costs	100,535,482	102,229,602
Expenses with energy and water	91,268,972	83,919,600
Expenses with fuel and other consumables	62,274,284	55,021,008
Expenditure related to ANRE contribution	3,121,500	3,120,333
Expenses with insurance premiums	13,555,971	12,263,163
Expenses with the transport and telecommunications	10,749,690	7,831,854
Expenses with building tax	71,957,968	67,980,477
Net expenses related to provisions and value adjustments	-	25,051,292
Other operating expenditure	51,154,313	47,155,468
Total	502,116,398	495,442,284

NRWA costs

Starting with 2007, following the Government Decision no. 1080/2007 regarding the safe management of radioactive waste and decommissioning of the nuclear plants, the Company is required to pay two types of contributions to NRWA:

- Contribution for decommissioning each nuclear unit in amount of EUR 0.6/MWh net electricity produced and delivered in the system;
- Contribution for the permanent storage of radioactive waste of EUR 1.4/MWh of net electricity produced and delivered in the system.

According to this legislative act, the annual contribution for decommissioning is paid during the designed lifetime of nuclear units, and the direct annual contribution for the final storage is paid during the operating period of nuclear units, and, therefore, NRWA is held responsible for the management of the entire decommissioning process, at the end of the useful lifetime of nuclear plant and storage of the resulting waste.

Expenditure related to ANRE contribution

ANRE contribution for the year 2022 is calculated according to the Order ANRE no. 143/2021, representing 0.1% of the turnover realized in 2021, from activities carried out under the licenses held. As at 31 December 2022 the contribution amounts to RON 3,121,500 (31 December 2021: RON 3,120,333). For the year 2021, the contribution was calculated according to the Order of ANRE no. 223/09.12.2020, representing 0.1% of the turnover realized in 2020, from activities carried out under the licenses held.

Other operating expenditure

Position of "Other operating expenditure" includes expenses related to operating license paid to NCNAC Bucharest, in amount of RON 9,900,000 (31 December 2021: RON 9,900,000).

28. FINANCIAL INCOME AND EXPENDITURE

	2022	2021
	(audited)	(audited)
Interest income	217,870,423	52,247,112
Income from exchange rate differences	20,164,465	8,749,348
Dividend income	60,935	1,840
Financial income regarding the amortization of governmental bonds differences	70,929	23,523
Other financial income	9,623	2,896
Financial income - Total	238,176,375	61,024,719
Expenses from exchange rate differences	(24,235,623)	(25,821,026)
Interest expense	(7,451,711)	(10,590,459)
Financial expenses - Total	(31,687,334)	(36,411,485)
Net financial costs	206,489,041	24,613,234

NOTES 1 TO 33 ARE AN INTEGRAL PART OF THESE INDIVIDUAL FINANCIAL STATEMENTS.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for)***29. RELATED PARTY TRANSACTIONS****(i) Transactions with State-owned companies**

The Company operates in an economic environment dominated by companies owned or controlled by the Romanian State through its governmental authorities and agencies, collectively known as State-owned companies.

The Company has made significant transactions with other State-owned or controlled companies, including: sales of electricity (OPCOM SA, Societatea de Distributie a Energiei Electrice Muntenia Nord SA); purchases of electricity (S.P.E.E.H. Hidroelectrica SA); purchase of electricity transmission and balancing services (C.N. Transelectrica SA); purchase of natural uranium as UO2 sinterable powder (Compania Nationala a Uraniului S.A.); purchase of processing services for noncompliant materials containing natural uranium from the NFP Pitesti Branch for recovery of uranium as UO2 sinterable powder (Compania Nationala a Uraniului S.A.); purchase of treatment services for the radioactive water resulting from production activities (Regia Autonoma Tehnologii pentru Energia Nucleara – Institutul de Cercetari Nucleare Pitesti); and payment of contribution for the management of the decommissioning process of the two units and for the final disposal of nuclear waste at the end of the useful lifetime of the two units, as well as for the permanent disposal of the resulting residues (Nuclear and Radioactive Waste Agency - NRWA).

In the pursuit of its business, the Company identified the following transactions and balances with its main related parties:

	Sales		Receivables as at	
	2022 (audited)	2021 (audited)	31 December 2022 (audited)	31 December 2021 (audited)
the Romanian Electricity and Gas Market Operator (OPCOM S.A.)	1,332,533,729	689,505,394	1,478,997	1,038,664
Electrica Furnizare S.A.	560,894,954	489,370,866	40,721,750	40,923,394
Distributie Energiei Electrica Romania S.A.	299,140,052	23,550,323	52,166,030	2,377,268
C.N. Transelectrica S.A.	150,862,549	23,353,543	26,367,201	2,360,979
Utilitati Publice S.A. NPP Branch	6,018,958	7,173,715	5,724,145	4,293,192
Energonuclear S.A.	79,747	47,307	2,405	1,358
Nuclearelectrica Serv S.R.L	46,512	-	1,966,512	-
F.P.C.U. Feldioara S.R.L.	132,203	-	3,730,772	2,303,938
Compania Nationala a Uraniului S.A.	-	-	6,564,582	6,984,740
Total	2,349,708,704	1,233,001,147	138,722,393	60,283,533

The balance of receivables as at 31 December 2022 and 31 December 2021, as presented above, does not include advance paid to suppliers or accrued expenses with related parties.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for)***29. RELATED PARTY TRANSACTIONS (CONTINUATION)****(i) Transactions with State-owned companies (continuation)**

	Purchases		Liabilities as at	
	2022 (audited)	2021 (audited)	31 December 2022 (audited)	31 December 2021 (audited)
the Romanian Electricity and Gas Market Operator (OPCOM S.A.)	369,609,440	163,660,060	1,068,264	1,270,024
Compania Nationala a Uraniului S.A.	103,328,704	13,607,654	1,417,293	733,670
Nuclear and Radioactive Waste Agency	100,535,482	102,229,602	8,063,243	8,554,307
Apele Romane Bucharest	64,591,306	62,645,588	12,302,495	12,744,720
National Commission for Nuclear Activities Control	9,308,220	9,072,357	-	-
C.N. Transelectrica S.A.	22,960,763	13,516,752	5,610,805	1,470,551
Dobrogea Seaside Water Basin Administration	12,639,264	11,784,811	3,215,249	3,045,001
Regia Autonoma Tehnologii pentru Energia Nucleara - ICN	11,567,810	7,320,166	2,771,157	2,974,967
Raja S.A.	3,700,316	2,864,304	754,733	562,972
Regia Autonoma Tehnologii pentru Energia Nucleara - CITON	3,798,642	2,800,634	1,153,794	1,588,295
Romanian Energy Regulatory Authority	3,121,500	2,451,830	735,522	-
Compania Nationala Administratia Canalelor Navigabile S.A.	1,239,265	2,725,782	203,195	202,559
Hidroelectricra S.A.	200,300	-	78,762	-
Utilitati Publice S.A. NPP Branch	201,236	79,464	18,540	16,349
Total	706,802,248	394,759,005	37,393,053	33,163,415

The balance of intercompany payables as at 31 December 2022 and 31 December 2021, as presented above, does not include advance payments received from related customers.

(ii) Guarantees received from the Romanian State through the Ministry of Finance

All loans are secured by the Romanian State through the Ministry of Finance (see Note 17).

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for)***29. RELATED PARTY TRANSACTIONS (CONTINUATION)****(iii) Waging of the Company's management**

The Company's management include:

- The members of the Board of Directors, who have mandate contracts concluded with the Company;
- Executives with mandate contract in the Company;
- Other executives of the Company who signed individual employment agreements, under the terms laid down in the collective bargaining agreements, as applicable.

Members of the Board of Directors, who have directorship (mandate) contracts concluded with the Company, and the remuneration of whom is approved by the General Meeting of Shareholders. Executives with mandate contracts are remunerated based on the contractual provisions, within the general limits approved by the GMS. Detailed information on the remuneration of the Company's directors and executives is included in the Annual Report of the Nomination and Remuneration Committee, set up under the Company's Board of Directors. The amounts shown are gross remunerations.

	<u>2022</u>	<u>2021</u>
	<u>(audited)</u>	<u>(audited)</u>
Remuneration of then Company's management (gross amounts)	18,119,030	16,936,390
	<u>18,119,030</u>	<u>16,936,390</u>

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for)

30. MANAGEMENT OF SIGNIFICANT RISKS

The main risks the Company is exposed to are:

- market risk (price risk, interest rate risk and currency risk);
- credit risk;
- liquidity risk;
- taxation risk;
- operational risk.

The general risk management strategy seeks to maximize the Company's profit against the level of risk it is exposed to, and to minimize any potential adverse variations on the Company's financial performance.

The Company has no formal agreements to hedge financial risks. Despite the fact that there are no formal hedge agreements, financial risks are strictly monitored by the management considering the financial needs of the Company in order to effectively manage risks and opportunities. The financial department regularly prepares forecasts of cash-flows in order to help the management make decisions.

a) Market risk

Market risk is defined as the risk of incurring a loss or not obtaining the expected profit, due to fluctuations of prices, interest rates and currency exchange rates.

The Company is exposed to the following categories of market risk:

(i) Price risk

The Company is exposed to the risk related to variation in the price of electricity traded on the competitive and spot (DAM+IDM) markets, as well as on the balancing market. To mitigate this risk, the Company trades most of the electricity generated on the competitive market, by concluding long-term bilateral contracts, with fixed prices and well-defined price formulas.

In 2022, the amount of electricity sold on the competitive market accounted for 89.15% (2021: 86.83%) of the total volume of electricity sold, and on the spot market (DAM+ IDM), an amount of electricity representing 10.46% was sold (2021: 12.9%); the difference was represented by positive imbalances of 0.39% (2021: 0.31%), and for the year 2021, an insignificant amount was sold on the regulated market 0.003%. The average sale price under bilateral contracts in 2022 was RON 531.36/MWh, Tg included (31 December 2021: RON 253.67/MWh, Tg included), and on the spot market (DAM+IDM) the average price was RON 1,207.36/MWh, Tg included (31 December 2021: RON 490.67/MWh, Tg included). The regulated price of electricity sold on the regulated market in 2021 was RON 183.93/MWh, Tg included.

A positive variation of 10% in the price of electricity sold would lead to an increase in profit after taxes on 31 December 2022 by RON 636,078,327 (31 December 2021: RON 310,966,939), a negative variation of 10% having an equal net impact, but with the opposite sign.

(ii) Interest rate risk

The Company faces interest rate risk due to its exposure to unfavourable interest rate fluctuations. The change in the market interest rate has a direct influence on the income and expenditure related to the financial assets and liabilities bearing floating interest rates, as well as on the market value of those bearing fixed interest rates. As at 31 December 2022 and 31 December 2021, most of the Company's assets and liabilities are interest-bearing. As a result, the Company is directly affected by the risk of interest rate fluctuations. Cash and cash equivalents are generally invested at interest rates for a maximum period of one year. However, the decrease in market yields could affect the measured amount of the assets held by the Company.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for)***30. MANAGEMENT OF SIGNIFICANT RISKS (CONTINUATION)****a) Market risk (continuation)****(ii) Interest rate risk (continuation)**

From the total financial liabilities of the Company, the only liabilities bearing floating interest are represented by long-term bank loans. For more information about the contractual maturity of the Company's interest-bearing financial assets and liabilities, see Note 30 (c) Liquidity Risk. The Company does not use derivative financial instruments to hedge against interest rate fluctuations. The impact on the Company's net profit of a $\pm 1.00\%$ change in the interest rate related to interest-bearing assets and liabilities is \pm RON 1,301,166 (31 December 2021: \pm RON 2,981,918).

	Carrying amount (*)	
	31 December 2022 (audited)	31 December 2021 (audited)
Fixed-rate instruments		
Financial assets	4,256,179,161	2,455,446,266
	4,256,179,161	2,455,446,266
Floating-rate instruments		
Financial liabilities	130,116,620	(298,191,838)
	130,116,620	(298,191,838)

(*) Gross carrying amount, before deduction of the trading costs.

Sensitivity analysis of cash flows for floating interest rate instruments

A change in interest rates by $\pm 1.00\%$ on the reporting date would have determined the increase (decrease) in profit or loss with the amounts below. This analysis assumes that all other variables, particularly exchange rates, remain constant.

	Profit or loss	
	+ 1.00% increase	- 1.00% decrease
31 December 2022		
Floating-rate instruments	(1,301,166)	1,301,166
Cash-flow sensitivity (net)	(1,301,166)	1,301,166
31 December 2021		
Floating-rate instruments	(2,981,918)	2,981,918
Cash-flow sensitivity (net)	(2,981,918)	2,981,918

(iii) Currency risk

The currency risk is the risk of incurring losses or not making the estimated profit due to unfavourable exchange rate fluctuations. The Company is exposed to exchange rate fluctuations, but it does not have a formal foreign exchange risk hedging policy. Most of the financial assets and liabilities of the Company are expressed in the national currency; the other currencies in which transactions are performed are EUR, CAD, USD and GBP.

The Company is exposed to currency risk fluctuations for cash and cash equivalents and its purchases and long-term loans in a currency other than the Company's functional currency. Long-term loans are denominated in foreign currency and are converted into RON, at the exchange rate on the balance-sheet date, as communicated by the National Bank of Romania. The resulting differences are included in the profit and loss statement, and do not affect the cash-flow until the time when the debt is paid-off.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for)

30. MANAGEMENT OF SIGNIFICANT RISKS (CONTINUATION)
a) Market risk (continuation)
(iii) Currency risk (continuation)

Financial assets and liabilities expressed in RON and in other currencies as at 31 December 2022 and 31 December 2021 are presented in the following tables.

	Carrying amount(*)	RON	EUR	USD	CAD	GBP	CHF
31 December 2022							
Financial assets							
Cash, cash equivalents and deposits	4,510,798,927	4,485,707,463	14,612,409	1,140,286	9,291,722	44,023	3,024
Government bonds	30,260,661	30,260,661	-	-	-	-	-
Trade receivables	438,539,974	438,139,300	57,494	317,251	25,433	496	-
Advance payments	20,994,645	20,994,645	-	-	-	-	-
Tangible non-current assets (pre-payments)	70,081,999	14,202,521	24,801,847	1,334,149	29,743,483	-	-
Gross exposure	5,070,676,207	4,989,304,590	39,471,750	2,791,685	39,060,638	44,520	3,024
Financial liabilities							
Suppliers and suppliers of non-current assets	(157,164,231)	(107,284,108)	(5,100,212)	(7,860,944)	(36,296,638)	(622,329)	-
Loans	(130,116,620)	-	(130,116,620)	-	-	-	-
Gross exposure	(287,280,851)	(107,284,108)	(135,216,832)	(7,860,944)	(36,296,638)	(622,329)	-
Net exposure in the financial position statement (audited)	4,783,395,356	4,882,020,482	(95,745,082)	(5,069,259)	2,764,001	(577,810)	3,024

(*) Gross carrying amount, before deduction of the trading costs.

	Carrying amount(*)	RON	EUR	USD	CAD	GBP	CHF
31 December 2021							
Financial assets							
Cash, cash equivalents and deposits	2,646,372,999	2,643,582,579	1,191,549	760,079	772,971	64,752	1,069
Government bonds	30,190,266	30,190,266	-	-	-	-	-
Trade receivables	220,487,430	220,284,589	10,936	43,022	142,903	5,980	-
Advance payments	20,525,633	20,525,633	-	-	-	-	-
Tangible non-current assets (pre-payments)	73,626,526	23,627,517	33,846,920	16,152,089	-	-	-
Gross exposure	2,991,202,854	2,938,210,583	35,049,406	16,955,189	915,874	70,733	1,069
Financial liabilities							
Suppliers and suppliers of non-current assets	(123,451,640)	(92,919,895)	(11,656,765)	(5,771,060)	(13,096,529)	(7,391)	-
Loans	(301,479,156)	-	(263,953,010)	-	(37,526,147)	-	-
Gross exposure	(424,930,796)	(92,919,895)	(275,609,775)	(5,771,060)	(50,622,676)	(7,391)	-
Net exposure in the financial position statement (audited)	2,566,272,058	2,845,290,688	(240,560,369)	11,184,129	(49,706,802)	63,342	1,069

(*) Gross carrying amount, before deduction of the trading costs.

The following rates of exchange were applied:

	Average rate		Exchange rate as at	
	2022	2021	31 December 2022	31 December 2021
RON/EUR	4.9315	4.9204	4.9474	4.9481
RON/USD	4.6885	4.1604	4.6346	4.3707
RON/CAD	3.6020	3.3192	3.4232	3.4344
RON/GBP	5.7867	5.7233	5.5878	5.8994
RON/CHF	4.9096	4.5516	5.0289	4.7884

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*(All amounts are expressed in RON, unless otherwise expressly provided for)***30. MANAGEMENT OF SIGNIFICANT RISKS (CONTINUATION)****a) Market risk (continuation)****(iii) Currency risk (continuation)***Sensitivity analysis*

A 10% appreciation of the national currency compared to the following foreign currencies on 31 December 2022 and on 31 December 2021 would have increased the gross profit by the amounts indicated below. This analysis assumes that all other variables remain constant.

	2022 profit (audited)	2021 profit (audited)
EUR	9,574,508	24,056,037
USD	506,926	(1,118,413)
CAD	(276,400)	4,970,680
GBP	57,781	(6,334)
CHF	(302)	(107)
Total	9,862,513	27,901,863

A 10% depreciation in the national currency against the following foreign currencies on 31 December 2022 and on 31 December 2021 would have had a similar, but opposite effect, on the above amounts, assuming that all other variables remained constant.

	Loss 2022 (audited)	Loss 2021 (audited)
EUR	(9,574,508)	(24,056,037)
USD	(506,926)	1,118,413
CAD	276,400	(4,970,680)
GBP	(57,781)	6,334
CHF	302	107
Total	(9,862,513)	(27,901,863)

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for)

30. MANAGEMENT OF SIGNIFICANT RISKS (CONTINUATION)

b) Credit risk

Credit risk is the risk of incurring losses or not realizing the estimated profits due to the counterparty not fulfilling their financial obligations. The Company is exposed to credit risk as a result of the investments measured at amortized cost, cash and cash equivalents and trade receivables.

(i) Risk Management

Credit risk is managed at Company level.

In order to manage the counterparty risk, investment of the available funds is only done with banking institutions with a minimum rating of BB-, Fitch equivalent. Exposure limits for banks that do not have a public rating are set at a maximum of 3% per bank of total assets, but no more than 7% of total assets accumulated for all banks that do not have a public rating. The medium-term objective is to ensure an adequate spread so that the net exposure to a financial institution does not exceed 8% (percentage calculated by reference to the net investments in a financial institution, out of total assets).

Electricity sale/purchase contracts are concluded in compliance with the electricity and gas law no. 123/2012, the agreements for participation in the centralized electricity markets managed by OPCOM and BRM and ratified by SNN, as well as the procedures associated thereto. The amount of receivables, net of adjustments for impairment, represents the maximum amount exposed to credit risk.

As at 31 December 2022, the Company is exposed to a moderate credit risk, considering that approximately 22% of its trade receivables are against Distribuție Energie Electrică România SA and Enel Energie SA (see Note 12). Counterparty risk is limited considering the guarantees obtained from clients in the form of letters of bank guarantee.

The Company's investments in debt instruments are considered to be low-risk investments. Credit ratings of investments are monitored for credit deterioration.

(ii) Collaterals

For commercial receivables from the sale of electricity, the Company obtains guarantees in the form of letters of bank guarantee, which can be executed if the partner is default of the contractual term.

(iii) Adjustments for impairment

The Company holds the following financial assets that are subject to the "expected credit losses" model:

- Trade receivables coming from the sale of electricity; and
- Financial assets measured at amortized cost

Although cash and cash equivalents are subject to impairment testing according to IFRS 9, the expected credit losses for these assets are insignificant.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for)***30. MANAGEMENT OF SIGNIFICANT RISKS (CONTINUATION)****b) Credit risk (continuation)****Cash and cash equivalents**

Cash and deposits are placed with different financial institutions (banks), with the aim of reducing the counterparty risk, by limiting the exposure to a single financial institution. The main financial institutions where these financial assets are placed are the following:

	31 December 2022	31 December 2021
	(audited)	(audited)
Banca Romaneasca S.A.	769,977,778	210,000,184
CEC Bank S.A.	769,741,239	541,378,378
EximBank S.A.	612,900,592	532,423,743
Alpha Bank S.A.	477,433,699	405,721,034
Unicredit Bank S.A.	432,846,773	280,007,483
Garanti Bank S.A.	384,294,877	246,324,137
Banca Comerciala Romana S.A.	344,214,145	128,819,523
Vista Bank S.A.	284,622,936	210,001,170
Banca Transilvania S.A.	280,057,693	645
BRD Societe Generale S.A.	152,432,337	89,899,584
Treasury of City of Bucharest	1,436,612	1,436,611
Raiffeisen Bank	274,097	274,097
Citi Bank Romania	7,102	7,372
Other	559,048	79,036
Total cash, bank deposits and financial non-current assets	4,510,798,927	2,646,372,999

The maximum credit risk exposure on the reporting date was:

	Net amount	
	31 December 2022	31 December 2021
	(audited)	(audited)
Financial assets		
Trade receivables	438,539,974	220,487,430
Bank deposits	1,829,796,500	1,328,973,000
Cash and cash equivalents	2,681,002,427	1,317,399,999
Other financial assets at amortized cost	140,954,592	87,270,340
Government bonds	30,260,661	30,190,266
	5,120,554,154	2,984,321,035

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for)***30. MANAGEMENT OF SIGNIFICANT RISKS (CONTINUATION)****b) Credit risk (continuation)****Trade receivables**

The Company applies the simplified method of measuring expected credit losses, as provided under IFRS 9, for the measurement of trade receivables. IFRS 9 allows entities to apply a “simplified approach” to trade receivables, contractual assets and lease receivables. The simplified approach allows entities to recognize expected losses over the lifetime of all these assets without having to identify significant increases in credit risk.

In order to measure the expected credit losses, trade receivables were grouped based on the common characteristics of the credit risk and the days of delay. Expected loss rates are based on customer payment profiles over a 1-year period, analysed at 30-day intervals and historical losses. Historical loss rates are adjusted to reflect the current and prospective information on the macroeconomic factors that affect the customers' ability to pay.

Based on these ratios, the expected credit losses on 31 December 2022 and on 31 December 2021 were determined for trade receivables and other receivables, as follows:

The age of **trade receivables** on the reporting date was as follows:

	Gross amount 31 December 2022 (audited)	Value adjustments as at 31 December 2022 (audited)	Gross amount 31 December 2021 (audited)	Value adjustments as at 31 December 2021 (audited)
Not yet due	435,105,134	-	217,462,110	-
Overdue between 1-30 days	34,571	-	1,071,652	-
Overdue between 31-90 days	161,834	-	564,447	-
Overdue between 91-180 days	203,537	-	288,433	-
Overdue between 181-270 days	2,273,571	-	1,100,787	-
Overdue between 271-365 days	761,327	-	-	-
More than one year	12,001,436	(12,001,436)	12,822,025	(12,822,025)
Total	450,541,411	(12,001,436)	233,309,454	(12,822,025)

The age of **other receivables**, including the recoverable VAT, on the reporting date was as follows:

	Gross amount 31 December 2022 (audited)	Value adjustments as at 31 December 2022 (audited)	Gross amount 31 December 2021 (audited)	Value adjustments as at 31 December 2021 (audited)
Not yet due	139,070,849	-	87,270,340	-
Overdue between 1-30 days	-	-	-	-
Overdue between 31-90 days	-	-	-	-
Overdue between 91-180 days	-	-	-	-
Overdue between 181-270 days	-	-	-	-
Overdue between 271-365 days	-	-	-	-
More than one year	3,050,103	(3,050,103)	596,559	(596,559)
Total	142,120,951	(3,050,103)	87,866,899	(596,559)

NOTES 1 TO 33 ARE AN INTEGRAL PART OF THESE INDIVIDUAL FINANCIAL STATEMENTS.

THIS A FREE TRANSLATION FROM THE ROMANIAN VERSION. IN CASE OF ANY DIFFERENCES BETWEEN THE ROMANIAN AND ENGLISH VERSION, THE ROMANIAN VERSION PREVAILS

S.N. Nuclearelectrica S.A.

Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for)***30. MANAGEMENT OF SIGNIFICANT RISKS (CONTINUATION)****b) Credit risk (continuation)**The developments in **adjustment for impairment of trade receivables** are as follows:

	<u>31 December 2022</u> <u>(audited)</u>	<u>31 December 2021 (audited)</u>
Balance at the beginning of the year	(12,822,025)	(10,101,875)
Recognized impairment adjustments, net of restatements	820,589	2,720,150
Balance at the end of the year	<u>(12,001,436)</u>	<u>(12,822,025)</u>

Trade receivables are derecognized when there is no longer a reasonable expectation of recovery. The ratios according to which there is no reasonable expectation of recovery include, among others, a debtor's inability to commit to a repayment plan and the inability to make payments for longer than 270 days. Impairment losses of trade receivables and contractual assets are presented as net impairment losses under the operating profit. Subsequent recoveries of previously cancelled amounts are credited to the same heading as the Statement of Profit or Loss.

c) Liquidity risk

Liquidity risk represents the risk of incurring losses or not realizing the estimated profits, which results from the impossibility of making short-term payment obligations at any time, without this involving excessive costs or losses that cannot be borne by the Company.

A prudent liquidity risk management policy implies maintaining a sufficient level of cash and cash equivalents and the availability of financing through appropriate contracted credit facilities. Considering the dynamic nature of its business, the Company strives to maintain financing flexibility by having access to various financing sources.

S.N. Nuclearelectrica S.A.

Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for)***30. MANAGEMENT OF SIGNIFICANT RISKS (CONTINUATION)****c) Liquidity risk (continuation)**

The structure of the assets and liabilities was analysed based on the remaining period from the date of the financial position until the contractual maturity date, both for the period ended on 31 December 2022, and for the financial year ended on 31 December 2021, as follows:

	Carrying amount 31 December 2022 (audited)	Contract amount	< 1 year	> 1 year	Carrying amount 31 December 2021 (audited)
Financial assets					
Cash and current accounts	2,681,002,427	2,681,002,427	2,681,002,427	-	1,317,399,999
Deposits with banks	1,829,796,500	1,829,796,500	1,829,796,500	-	1,328,973,000
Trade receivables	438,539,974	438,539,974	438,539,974		220,487,430
Financial assets measured at amortized cost	41,262,942	41,262,942	-	41,262,942	35,496,297
Other financial assets measured at amortized cost	140,954,592	140,954,592	140,954,592	-	87,270,340
Total financial assets	5,131,556,435	5,131,556,435	5,090,293,493	41,262,942	2,989,627,066
Financial liabilities					
Loans	130,336,373	130,336,373	65,525,433	64,810,940	298,261,569
Trade payables	445,315,659	445,315,659	445,315,659	-	285,939,903
Liabilities under leasing agreements	15,565,524	15,565,524	2,734,403	12,831,121	1,174,611
Other financial liabilities	220,699,024	220,699,024	157,087,526	63,611,498	161,684,737
Total financial liabilities	811,916,580	811,916,580	670,663,021	141,253,559	747,060,820
Excess liquidity	4,319,639,855	4,319,639,855	4,419,630,472	(99,990,617)	2,242,566,246

*) The Company's liquidity is not affected either in the long run due to the fact that it holds liquid assets significantly higher than its long-term liabilities, classified according to the liquidity terms in the short-term category (cash and current accounts).

d) Taxation risk

The Romanian tax legislation provides detailed and complex rules that underwent repeated in recent years. The interpretation of the text and the practical procedures implementing the tax legislation could vary, and there is a risk that certain transactions are be interpreted by the tax authorities differently than the Company's treatment.

From the point of view of the corporate tax, there is a risk that tax authorities give a different interpretation to the applied tax rules determined under the Accounting Regulations compliant with IFRS.

The Government of Romania has a number of agencies authorized to audit (inspect) the companies operating in the territory of Romania. These inspections are similar to the tax audits undertaken in other countries, and may cover more than just tax issues, meaning legal and regulatory matters of interest for these agencies. It is possible that the Company is subject to tax inspections as new tax regulations are issued.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for)

30. MANAGEMENT OF SIGNIFICANT RISKS (CONTINUATION)

e) Operational risk

Operational risk is defined as the risk of incurring losses or not realizing the estimated profits due to internal factors, such as improper performance of internal activities, inadequate personnel or systems, or to external factors, such as economic conditions, changes on the capital market, technological progress. Operational risk is inherent in all the Company's activities.

Operational risk relates to the Company's ability to secure the amounts of electricity assumed under contracts on the regulated and competitive market, taking into account both the scheduled and unscheduled shutdowns of Units 1 and 2. The means of managing these risks imply assessment, maintenance and continuous upgrading of the Company's systems, as well as a good planning and performance of preventive and corrective maintenance activities to control the nuclear risks, as well as to reduce the number of unscheduled downtime hours.

The policies defined for operational risk management took into account each type of event that can generate significant risks and how these manifest, in order to remove or reduce losses of a financial or reputational nature.

f) Regulatory risk

Regulatory risk is the risk of financial losses, including fines and penalties, resulting from non-compliance with the laws and regulations due to potential amendments of the legislative framework. These may refer to the local and central authorities or the energy regulatory authority (ANRE) imposing new contractual provisions or tax changes. This risk is limited by the continuous monitoring and assessment of the impact of the legislative framework amendments on the Company.

g) Capital adequacy

The management's policy on capital adequacy focuses on maintaining a solid capital base, in order to support the continuous development of the Company and attainment of its investment objectives.

Risk Management

The Company's capital management objectives are:

- to protect its ability to continue to pursue its business, so that it can continue to provide shareholders with profit and the other stakeholders with benefits, and
- to maintain an optimal capital structure so as to reduce the cost of capital.

To maintain or adjust the capital structure, the Company can adjust the amount of the dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce liabilities.

In line with other industries, the Company monitors the capital based on the following ratio:

Net leverage = net liabilities/equity (as presented in the Statement of the Financial Position, including the non-controlling interests)

	31 December 2022	31 December 2021
	(audited)	(audited)
Net debt	(4,395,157,691)	(2,377,127,085)
Equity	10,535,504,870	8,365,261,328
Net debt/Equity	(0.4x)	(0.3x)

As at 31 December 2022, a negative net debt of RON 4.42 million was booked by the Company (31 December 2021: RON 2.4 million). The net leverage ratio being (0.4x).

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for)***30. MANAGEMENT OF SIGNIFICANT RISKS (CONTINUATION)****g) Capital adequacy (continuation)**

Net debt

The net debt includes the total of credits and financial liabilities, less cash and cash equivalents and liquid assets. Liquid assets are financial assets with an initial maturity of more than three years, that are easily convertible into cash and are managed according to a liquidity-focused policy. In this category, the Company recognized financial assets measured at amortized cost of the nature of governmental bonds.

	31 December 2022 (audited)	31 December 2021 (audited)
Cash and cash equivalents	(2,681,002,427)	(1,317,399,999)
Bank deposits	(1,829,796,500)	(1,328,973,000)
Financial assets measured at amortized cost in the form of governmental bonds	(30,260,661)	(30,190,266)
Bank loans	130,336,373	298,261,569
Liabilities under leasing agreements	15,565,524	1,174,611
Net debt	(4,395,157,691)	(2,377,127,085)

Loan agreements

In accordance with the terms of the loan facility granted by EURATOM, the Company must comply with the following financial clauses:

- the debt service coverage index must be at least 1.5;
- the leverage must not exceed 2;
- the income booked by the Company must be sufficient to cover the operating and maintenance costs of Units 1 and 2, as well as for the interest payments in relation to Units 1 and 2.

As at 31 December 2022 and 31 December 2021, the financial ratios requested by EURATOM are met.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for)

31. CONTINGENCIES, COMMITMENTS AND OPERATIONAL RISKS

(i) Taxation

The taxation system in Romania is undergoing a stage of consolidation and harmonization with the European laws. Nevertheless, there are no different interpretations of the tax laws. In certain cases, tax authorities may deal with certain issues differently, proceeding to the calculation of some taxes and additional duties and of the related default interest and delay penalties. In Romania, the financial year remains open for tax verification for a 5-year period. The Company's management considers that the tax liabilities included in such financial statements are adequate and it is not aware of certain circumstances likely to determine possible significant liabilities in this respect.

(ii) Other controls

By letter no. 10136/30.08.2021, the Romanian Court of Accounts informed that during the period 6 September 2021- 17 December 2021 would perform the Verification of the statement, evolution and manner of administration of the State public and private assets, as well as the lawfulness of obtaining revenues and making expenses.

As at 17 December 2021, it was executed the Verification Report regarding the "Verification of the statement, evolution and manner of administration of the State public and private assets, as well as the lawfulness of obtaining revenues and making expenses", registered with the company under no. 14343/17.12.2021. Under the Verification Report, CCR issued Decision no. 1/20.01.2022 by which 5 actions were established, the achievement deadline of which was 31 August 2022. Company filed Appeal no. 1683/10.02.2022 against such Decision, respectively against action no. 1. By this Appeal, the Company requests the annulment of the infringement and of action no. 1 regarding "Non-compliance with the legal provisions regarding the recovery of damages established by the courts of law, for which payments had been made in amount of RON 142,699". The Appeal is under examination by CCR. Regarding the other actions, an internal analysis has been ordered, which is in progress.

During the period 13.07 - 19.07. 2022, the follow-up engagement of the Romanian Court of Accounts was performed for the purpose of checking implementation of the measures recommended under the Decision no. 1/20.01.2022. Based on the joint effort of the teams involved in the settlement of actions ordered by the Court of Accounts, the Company managed to successfully complete the process of closure of most of the actions ordered by CCR, even if their implementation deadline was 31 August 2022, respectively 2 actions which remained uncompleted beyond the control of SNN and which would be settled.

In accordance with the Half-Yearly Activity Plan for the period January – June 2022, Antifraud, Integrity and Inspection Directorate within the Ministry of Energy, performed an inspection within the Company in the first week of June, for the purpose of checking the manner of employment / promotion of staff, conclusion and performance of consultancy agreements, the manner in which the purchase activity was carried on; the comparative analysis of the economic and financial results, any other relevant issues for such inspection. The official result of the inspection has not been communicated yet to the Company's representatives. Nevertheless, there were no doubts about breach of laws or important findings of the inspection team.

As at 21 November 2022, an ANAF - DGAF team appeared to "Check calculation of the contribution to the Energy Transition Fund". The inspection concluded with the Report dated 21 November 2022 which documented that "Along with the amendments and supplements to the Government Emergency Ordinance no. 119/2022, it is noted that changes were also made to the expenditure considered in calculation of the net monthly revenue, as follows: the monthly expenditure include *cost of acquiring electricity for transactions with physical delivery, including on the balancing market, and the cost of the CO2 allowances.* The actual production costs for obtaining one MWh of electricity are not included. Taking into account the above, the Company should proceed to rectifying the Declaration 100 for September 2022, by declaring and paying to the State budget the difference of RON 2,392,280." We point out that the Company implemented this recommendation.

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Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for)

31. CONTINGENCIES, COMMITMENTS AND OPERATIONAL RISKS (CONTINUATION)

(iii) Insurance policies

As at 31 September 2022, the following operational insurance policies were valid:

- The property insurance policy for material damages, all risks, including mechanical and electrical destruction (for Units 1 and 2 Cernavodă NPP and NFP Pitești). The insurance premium is USD 1,817,937 for the entire year for all damages. The insured sum is USD 1,560 million in aggregate, of which (i) USD 360 million - property related to Unit 1 of Cernavodă NPP and NFP Pitești, (ii) USD 300 million - property related to Unit 2 of Cernavodă NPP, (iii) two additional excess layers of USD 200 million each for [i] and [ii] above, and (iv) USD 500 million – an joint excess layer. Deductible: USD 10 million.
- Civil liability policy to third parties for nuclear damages. The insurance premium is USD 1,038,132 (for Units 1 and 2 of Cernavodă NPP). The insured amount is SDR 300 million.
- The third-party/professional liability insurance policy for SNN's directors and executives. The insurance premium is EUR 169,900. The liability limit is EUR 24 million.

(iv) Environmental matters

The Company does not register any liabilities as at 31 December 2022 and 31 December 2021 for any anticipated costs regarding the environmental issues, including legal and consultancy fees, land surveys, design and application of the rehabilitation plans. The liability for the decommissioning of nuclear plants was taken over by NRWA (see Notes 5 and 27). Management considers that the plant fully complies with the Romanian and international environmental standards and it is estimated that any additional costs related to the observance of environmental laws as at 31 December 2022 are not significant. Moreover, the Company is insured against the risk of nuclear accidents, up to the amount of SDR 300 million, as described at paragraph (iii) above.

Nevertheless, the enforcement of the environmental regulations in Romania is progressing and their application by governmental authorities is continuously changing. The Company assesses the obligations incumbent on it pursuant to the environmental regulations on a periodical basis. Obligations determined are immediately recognized. Potential liabilities, likely to arise as a result of the amendments of the existing regulations, civil or legislation litigations, cannot be estimated, however, they could be significant. In the context of the applicable laws, the management considers that there are no significant liabilities for damages caused to environment.

(v) Litigations in progress

In 2022, the Company is involved in a number of legal proceedings pertaining to its normal course of business. The management examines the situation of litigations in progress on a regular basis, and following consultation with its legal advisors or lawyers, decides the need for setting up certain provisions for the amounts involved or their presentation in the financial statements.

In the Company's management opinion, at present there are no legal proceedings or claims likely to have any significant impact on the financial result and financial position of the Company, which was not presented in such individual financial statements.

(vi) Commitments

As at 31 September 2022, the total amount of commitments was fully reflected under "Trade and other payables", representing capital and operating expenditure.

S.N. Nuclearelectrica S.A.

Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for)

31. CONTINGENCIES, COMMITMENTS AND OPERATIONAL RISKS (CONTINUATION)

(vii) Collaterals

Trade of electricity produced on the platforms managed by OPCOM, supposes that for certain transactions, the Company should provide bank guarantee letters for participation in certain markets such as DAM (Day-Ahead Market) and IDM (Intra-Day Market), bids (PCSU – Centralized Market for Universal Service, PC-OTC – Centralized Market with double continuous negotiation of bilateral electricity agreements) or in favour of the clients (PCCB-NC – Centralized Market of Bilateral Agreements with Continuous Negotiation, PCCB-LE – Centralized Market of Bilateral Agreements by Wide Bid, PCCB-Le-flex LE – Centralized Market of Bilateral Agreements by Wide Bid and the use of products ensuring flexibility of trading and PCSU – Centralized Market for Universal Service).

As at 31 December 2022, the total value of the bank guarantee letters issued in favour of clients for the agreements concluded on PCCB-NC, PCCB-LE and PC-OTC amounted to RON 5.9 million, and in favour of OPCOM, for the participation in DAM and IDM, in amount of RON 115.1 million.

Moreover, as at 31 September 2022, the Company issued up letters of bank guarantee in favour of Transelectrica S.A. (of RON 50,000), for the purpose of ensuring the liquidity on the Balancing Market, by each Party Responsible for Balancing setting up a financial guarantee in favour of Transelectrica S.A., on account of the Agreement of Party Responsible for Balancing concluded between the Company as a license holder, and Transelectrica S.A. For all such bank guarantee letters, the Company set up collateral deposits with banks issuing guarantee letters.

As at 31 December 2022 the Company had set up with the Treasury, a deposit in amount of RON 1,436,176, representing the establishment of precautionary measures according to NAFA (National Agency for Fiscal Administration) Decision – General Directorate for Fiscal Antifraud.

As at 31 September 2022, the total amount of the letters of bank guarantee issued by customers in favour of the Company for the contracts concluded on PCCB-NC, PCCB-LE and PC-OTC was RON 1.206 million. Such guarantees cover the risk for non-performance of the contractual obligations assumed by clients under the electricity sales agreements.

32. FEES

As at 16 June 2020, the Company concluded a financial audit, limited review and services for carrying out agreed procedures agreement with Mazars Romania SRL, for a term of 36 months. The total fees (without the VAT) for the 2022 financial year, charged for the total of services of limited review of the financial statements as at 30 June 2022, auditing of the financial statements as at 31 December 2022 and other services for carrying out agreed procedures (review for agreed procedures) in 2022, is RON 175,950 (31 December 2021: RON 169,960).

33. BALANCE-SHEET SUBSEQUENT EVENTS

Changes in the management of the Company - CFO

Under the Current Report published on 13 February 2023, the Parent Company informed its shareholders and investors on the decision of the Board of Directors dated 13 February 2023 to appoint Mr. Dan Niculaie-Faranga as provisional Chief Financial Officer, for a 4-month term of office effective 14 February 2023, with the possibility of renewal, for good reasons, up to a maximum of 6 months.

Date: 17 March 2023

Cosmin Ghita
CEO

Dan Niculaie-Faranga
CFO

23. APPENDIX 10 – CONSOLIDATED FINANCIAL STATEMENTS AS AT, AND FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2022

**CERTIFIED MANAGEMENT SYSTEM
ISO 37001**



S.N. Nuclearelectrica S.A.

**Consolidated Financial Statements
as at and for the financial year ended at
31 December 2022**

Issued in accordance with
Order of the Minister of Public Finance no 2.844/2016 on the approval of the
Accounting Regulations compliant with the
International Financial Reporting Standards adopted by the
European Union

S.N. Nuclearelectrica S.A.

Consolidated statement of income or loss and other comprehensive income for the financial year ended on 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for.)

	Note	31 December 2022 (audited)	31 December 2021 (audited)
Assets			
Fixed assets			
Tangible non-current assets	5	5,914,458,703	6,002,190,191
Assets representing rights to use underlying assets within a leasing contract	6	15,565,831	1,180,392
Intangible non-current assets	7	50,851,123	48,406,709
Financial assets measured at amortized cost	8	35,567,692	35,496,297
Financial investments in related entities	9	4,745,610	-
Total fixed assets		6,021,188,959	6,087,273,589
Current assets			
Inventories	10	653,273,110	560,119,950
Trade receivables	11	438,540,316	220,486,125
Other financial assets measured at amortized cost	12	142,158,865	85,068,328
Bank deposits	13	1,829,796,500	1,328,973,000
Cash and cash equivalents	13	2,707,724,133	1,343,172,157
Total current assets		5,771,492,924	3,537,819,560
Total assets		11,792,681,883	9,625,093,149
Equity and liabilities			
Equity			
Share capital, of which:		3,211,941,683	3,211,941,683
<i>Share capital subscribed and paid up</i>		<i>3,016,438,940</i>	<i>3,016,438,940</i>
<i>Inflation adjustments of the share capital</i>		<i>195,502,743</i>	<i>195,502,743</i>
Share premium		31,474,149	31,474,149
Reserve paid in advance		21,553,548	21,553,548
Revaluation reserve		2,101,938,467	2,101,938,467
Retained earnings		5,165,634,673	2,997,775,072
Total capital	14	10,532,542,520	8,364,682,919
Liabilities			
Long-term liabilities			
Long-term loans	16	64,810,940	130,135,030
Liabilities under long-term leasing agreements	6	12,831,121	910,586
Provisions for risks and charges	18	174,504,703	245,823,013
Deferred income	19	63,611,498	72,037,242
Deferred tax liability	20	95,446,226	102,278,834
Liabilities for employee benefits	21	45,557,591	46,378,990
Total long-term liabilities		456,762,079	597,563,695
Current liabilities			
Trade and other payables	17	448,160,020	286,476,663
Current part of provisions for risks and charges	18	77,040,585	69,541,135
Corporate income tax due	20	52,829,317	48,790,678
Deferred income	19	157,087,526	89,647,495
Current part of the long-term loans	16	65,525,433	168,126,539
Liabilities under short-term leasing agreements	6	2,734,403	264,025
Total current liabilities		803,377,284	662,846,535
Total liabilities		1,260,139,363	1,260,410,230
Total equity and liabilities		11,792,681,883	9,625,093,149

THIS A FREE TRANSLATION FROM THE ROMANIAN VERSION. IN CASE OF ANY DIFFERENCES BETWEEN THE ROMANIAN AND ENGLISH VERSION, THE ROMANIAN VERSION PREVAILS

S.N. Nuclearelectrica S.A.

Consolidated statement of income or loss and other comprehensive income for the financial year ended on 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for.)

	Note	2022 (audited)	2021 (audited)
Revenues			
Income from the sale of electricity	22	6,343,626,321	3,103,149,054
Income from the transport of electricity		22,902,955	13,489,781
Total revenues		6,366,529,276	3,116,638,835
Other income	23	167,599,852	87,254,468
Operating expenditure			
Depreciation and impairment		(605,436,828)	(562,856,178)
Personnel costs	24	(561,122,081)	(444,324,281)
Cost of electricity purchased		(513,740,391)	(249,251,484)
Repairs and maintenance		(86,468,972)	(87,343,797)
Expenses with the transmission of electricity		(22,902,955)	(13,489,781)
Expenses with spare parts		(25,907,604)	(17,483,880)
Costs of nuclear fuel		(151,232,259)	(154,445,202)
Additional tax expenses / Contribution to the Energy Transition Fund	25	(1,085,014,040)	-
Other operating expenditure	26	(499,254,465)	(495,451,473)
Operating expenditure - Total		(3,551,079,595)	(2,024,646,076)
Operating profit		2,983,049,533	1,179,247,227
Financial costs		(31,799,387)	(36,411,850)
Financial income		239,236,533	61,046,100
Net financial result	27	207,437,146	24,634,250
Profit before corporate tax		3,190,486,679	1,203,881,477
Part of the (loss) with related entities	9	(197,390)	-
Net corporate income tax expenses	20	(428,249,778)	(167,842,918)
Profit of the period		2,762,039,511	1,036,038,559

The Consolidated Financial Statements presented from page 1 to 86 were signed on 17 March 2023 by:

Cosmin Ghita
General Director

Dan Niculaie-Faranga
Finance Director

S.N. Nuclearelectrica S.A.

Consolidated statement of income or loss and other comprehensive income for the financial year ended on 31 December 2022
(All amounts are expressed in RON, unless otherwise expressly provided for.)

	Note	<u>2022</u> <u>(audited)</u>	<u>2021</u> <u>(audited)</u>
Profit of the period		2,762,039,511	1,036,038,559
Other elements of the overall result			
Items that cannot be reclassified to profit or loss			
Net gain on revaluation of buildings and land		-	335,236,386
Deferred tax liability relating to the revaluation reserve		-	(53,637,821)
Actuarial (losses) related to the defined benefit plans		1,745,457	471,723
Retained earnings from other adjustments		-	(638,261)
Other elements of the overall result		1,745,457	281,432,027
Total overall result related to the period		2,763,784,968	1,317,470,586
Earnings per share	15		
Earnings based on share (RON/share)		9.16	3.43
Diluted earnings per share (RON/share)		9.16	3.43

S.N. Nuclearelectrica S.A.

Consolidated statement of the changes in equity for the financial year ended on 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for.)

Note	Share capital	Inflation adjustments of the share capital	Share premium	Reserve paid in advance	Revaluation reserve	Retained earnings	Total equity	
Balance as at 1 January 2022 (audited)	3,016,438,940	195,502,743	31,474,149	21,553,548	2,101,938,467	2,997,775,072	8,364,682,919	
Overall result								
<i>Profit of the financial year</i>						<i>2,762,039,511</i>	<i>2,762,039,511</i>	
<i>Other elements of the overall result</i>								
Actuarial gains related to the benefit plans						1,745,457	1,745,457	
Total other elements of the overall result						1,745,457	1,745,457	
Total overall result related to the financial year	14	-	-	-	-	2,763,784,968	2,763,784,968	
Transactions with shareholders, only recognized in equity								
Distributed dividends						(595,925,367)	(595,925,367)	
Total transactions with shareholders, only recognized in equity	14	-	-	-	-	(595,925,367)	(595,925,367)	
Balance as at 31 December 2022 (audited)		3,016,438,940	195,502,743	31,474,149	21,553,548	2,101,938,467	5,165,634,673	10,532,542,520

S.N. Nuclearelectrica S.A.

Consolidated statement of the changes in equity for the financial year ended on 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for.)

Note	Share capital	Inflation adjustments of the share capital	Share premium	Reserve paid in advance	Revaluation reserve	Retained earnings	Total equity	
	3,016,438,940	195,502,743	31,474,149	21,553,548	1,820,339,902	2,434,020,626	7,519,329,908	
	Overall result							
	<i>Profit of the financial year</i>						<i>1,036,038,559</i>	<i>1,036,038,559</i>
	<i>Other elements of the overall result</i>							
	Actuarial gains related to the benefit plans						471,723	471,723
	Other elements of the overall result						-	281,598,565
	Retained earnings from other adjustments						(638,261)	(638,261)
	Total other elements of the overall result						(166,538)	281,432,027
14	-	-	-	-	281,598,565	1,035,872,021	1,317,470,586	
	Transactions with shareholders, only recognized in equity							
	Distributed dividends						(472,117,575)	(472,117,575)
14	-	-	-	-	-	(472,117,575)	(472,117,575)	
	3,016,438,940	195,502,743	31,474,149	21,553,548	2,101,938,467	2,997,775,072	8,364,682,919	

S.N. Nuclearelectrica S.A.

Consolidated Statement of Cash-Flows for the financial year ended on 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for.)

	2022	2021
	(audited)	(audited)
Cash flows from operating activities		
Profit before corporate tax	3,190,486,679	1,203,881,477
Adjustments for:		
Depreciation and impairment	605,436,828	562,856,178
Value adjustments of trade receivables	(817,620)	2,724,882
Value adjustments of inventories	(1,734,893)	(17,947)
Provisions related to liabilities, risks and operating expenditure	(62,870,601)	24,486,443
(Gains)/Losses from disposal of assets	1,052,623	3,071,960
(Gains) from the assignment of assets held for sale	-	(1,970,976)
Part of the loss with related entities	197,390	-
Net financial (income)	(208,282,484)	(23,037,754)
Changes in:		
Decrease/(Increase) in trade receivables	(217,237,877)	(65,286,314)
Decrease/(Increase) of other financial assets measured at amortized cost	28,676,091	(3,182,943)
(Increase) in inventories	(90,070,306)	(124,691,164)
Change in deferred income	59,014,287	59,388,314
Increase of trade and other payables	139,406,482	13,980,306
Cash flows from operating activity	3,443,256,599	1,652,202,462
Corporate income tax paid	(431,043,747)	(168,974,771)
Interest received	132,190,118	50,833,671
Interest paid	(375,868)	(1,261,126)
Net cash related to the operating activity	3,144,027,102	1,532,800,236
Cash flows from investment activity		
Purchases of intangible non-current assets	(13,904,916)	(5,583,714)
Purchases of tangible non-current assets	(491,549,819)	(299,251,677)
Investments in related entities (see Note 9)	(4,943,000)	-
Other investments in financial assets (see Note 8)	974,000	(30,104,380)
Proceeds from the sale of assets held for sale	-	4,202,609
Proceeds from sale of tangible non-current assets	107,551	57,887
(Increase)/Decrease in bank deposits and financial assets measured at amortized cost	(500,823,500)	292,411,000
Net cash related to the investment activity	(1,010,139,684)	(38,268,274)
Cash flow related to financing activity		
Loans payments	(173,284,441)	(226,092,994)
Dividends payments	(595,713,645)	(471,909,403)
Payments related to liabilities from leasing agreements, including interest	(337,356)	(224,795)
Net cash related to the financing activity	(769,335,442)	(698,227,192)
Net (Decrease)/Increase Net in cash and cash equivalents	1,364,551,976	796,304,770
Cash and cash equivalents as at 1 January (see Note 13)	1,343,172,157	546,867,387
Cash and cash equivalents as at 31 December (see Note 13)	2,707,724,133	1,343,172,157

S.N. Nuclearelectrica S.A.

Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for.)***1. REPORTING ENTITY****a) General information about the Group**

These Consolidated Financial Statements prepared on the date of, and for, the financial year ended on 31 December 2022 include the Financial Statements of National Company Nuclearelectrica SA ("Company" or "SNN") and its subsidiaries, together hereinafter referred to as the "Group".

National Company Nuclearelectrica S.A. is a national joint-stock company, managed under single-tier system, having a head office and two branches without legal personality, Cernavodă NPP (Nuclear Power Plant) - headquartered in Constanța County, Cernavodă, str. Medgidiei, nr. 2, registered with the Trade Register under number J13/3442/2007, respectively NFP Pitești (Nuclear Fuel Plant) - headquartered in Argeș County, Mioveni, str. Campului, nr. 1, registered with the Trade Register under number J03/457/1998. The address of the registered office is Romania, Bucharest, sector 1, str. Polonă nr. 65.

As at 31 December 2022, the Company's shareholders were: The Romanian State by the Ministry of Energy, which held 248,850,476 shares, representing 82.4981% of the share capital and other natural persons shareholders and other natural persons and legal entities shareholders holding together 52,793,418 shares representing 17.5019% of the share capital.

Company's shares were traded on Bucharest Stock Exchange of 4 November 2013, having the issuing symbol SNN.

The main object of activity of the company is "Electricity generation" – NACE Code 3511 and is registered with the Trade Register under number J40/7403/1998, Unique Registration Code 10874881, tax attribute RO.

As at 31 December 2022 and respectively 31 December 2021, the Company's subsidiaries are:

Subsidiary	Activity	Sole registration number	Registered Office	participating interest % as at 31 December 2022	participating interest % as at 31 December 2021
Energonuclear S.A.	"Engineering activities and related technical consultancy" - CAEN code 7112	25344972	Bucharest, sector 2, Bd. Lacul Tei, nr. 1 - 3, Lacul Tei Offices Building, 8th floor	100%	100%
Fabrica de Prelucrare a Concentratelor de Uraniu - Feldioara S.R.L.	"Processing of nuclear fuel" - CAEN code 2446.	44958790	Brasov county, Feldioara locality, Str. Dumbravii nr. 1, Administrative building, ground floor	100%	100%
Nuclearelectrica Serv S.R.L.	"Other human resources provision" - CAEN code 7830	45374854	Constanța County, Cernavodă Locality, Str. Energiei nr. 21, Hotel nr. 2, Building B, 1st floor	100%	100%

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022
(All amounts are expressed in RON, unless otherwise expressly provided for.)

1. REPORTING ENTITY (CONTINUATION)

a) General information about the Group (continuation)

As at 31 December 2022, the Company holds only one related entity that is subject to consolidation:

Ropower Nuclear S.A.

In September 2022 the project company Ropower Nuclear S.A. was established, owned in equal parts by the shareholders S.N. Nuclearelectrica S.A. and Nova Power&Gas S.R.L. Its registered office is located in Romania, Dâmbovița County, Doicești Locality, Strada Aleea Sinaia nr. 18, the Administrative Building, 1st floor, being registered with the Trade Register under number J15/1604/26.09.2022, Unique Registration Code 46901014, tax attribute RO. The main activity of the Company consists in the “Production of electricity” - NACE Code 3511.

As at 31 December 2022, the Company held 50% of the share capital of Ropower Nuclear S.A., the shareholding value amounting to **RON 4,943,000**.

Changes in Group’s structure in 2021

In 2021, the subsidiaries Fabrica de Prelucrare a Concentratelor de Uraniu - Feldioara S.R.L and Nuclearelectrica Serv S.R.L. were established, both held 100% by the Group.

Changes in Group’s structure in 2022

In 2022, the company Ropower Nuclear SA was established as an entity held 50% by the Group.

S.N. Nuclearelectrica S.A.

Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for.)

1. REPORTING ENTITY (CONTINUATION)

a) General information about the Group (continuation)

Core businesses of the Group

The main activity of the Group consists in the electricity and heat generation by means of nuclear methods. The main place of business is within Cernavodă NPP Branch, where the Company owns and operates two functional nuclear reactors (Unit 1 and Unit 2). Those two operational nuclear reactors are based on CANDU technology (Canada Deuterium Uranium, of PHWR type).

The Company owns another two nuclear reactors at Cernavodă, which are in the early stage of construction (Unit 3 and Unit 4). The project on the Production Capacity Increase is planned to be completed by Energonuclear S.A. subsidiary (for more information see Note 8). By Decision of the Extraordinary General Meeting of Shareholders („EGMS”) no. 8/12.06.2020, the following were approved: (i) The repeal of the “Strategy for continuing the project of Units 3 and 4 within Cernavodă NPP by organizing an investors’ selection procedure” (2014) as well as of the Revised Strategy for continuing the Project of Units 3 and 4 within Cernavodă NPP by organizing an investors’ selection procedure” (2018) (item 2 of the agenda of the Extraordinary General Meeting of Shareholders held on 12 June 2020), (ii) Authorization of the Board of Directors of SNN to initiate the procedures/approaches/steps regarding the cessation of negotiations held with CGN, as well as the cessation of the legal effects (under the parties’ agreement, rescission etc.) of the following documents: “Memorandum of Understanding regarding the development, construction, operation and decommissioning of Units 3 and 4 within Cernavodă NPP (MoU)” and, respectively, “Preliminary Investors’ Agreement” (item 3 of the agenda of the Extraordinary General Meeting of Shareholders held on 12 June 2020) and (iii) Authorization of the Board of Directors of SNN to initiate steps for the examination and materialization of the strategic options relating to the construction of new electricity production capacities from nuclear sources (item 4 of the agenda of the Extraordinary General meeting of Shareholders held on 12 June 2020).

Under Decision of the Romania’s Prime Minister no. 281/14.07.2020 published in the Official Gazette of Romania, Part I, no. 618/14.VII.2020, the Strategic Coordination Committee for the Implementation of the Project of Units 3 and 4 within Cernavodă NPP was established. Agreement of the Romanian Government and of the Government of the United States of America regarding cooperation in relation to the nuclear and energetic projects from Cernavodă and in the civil nuclear energy field from Romania was signed on 9 October 2020. The Agreement has been recently ratified by the Romanian Parliament, under Law no. 200/2021. Also, in October 2020, US Exim Bank expressed, through a Memorandum of Understanding concluded with the Ministry of Energy, its interest in financing large investment projects in Romania, including nuclear ones, with a total value of USD 7 billion.

By the Current Report issued on 25 November 2021, shareholders were informed in relation to the progress of the Project of Units 3 and 4, which was in its preparatory stage, and Energonuclear S.A. branch signed the first agreement with Candu Energy, Member of SNC-Lavalin Group and the Design Authority of Units 3&4 and OEM Candu (the original manufacturer of CANDU Technology).

By Decision of the Ordinary General Meeting of Shareholders of SNN no. 6/10.08.2022 was approved the continuation of the Project of Units 3 and 4 within Cernavodă NPP, respectively, the adoption of the Preliminary Investment Decision and entering Phase 2 – Preliminary Works, depending on the approval and conclusion of the Support Agreement between the Romanian State and SNN in relation to the Project of Units 3 and 4 within Cernavodă NPP. Moreover, they also approved the initiation of the steps for awarding and concluding the agreements necessary for the completion of the Project, within the limits of powers provided for in the articles of incorporation of SNN and Energonuclear S.R.L., and without exceeding the amount of EUR 185 million.

By Decision of the Extraordinary General Meeting of Shareholders of SNN no. 6/10.08.2022 the financing of EnergoNuclear S.A. (EN) by SNN was approved, by SNN increasing the share capital of EN in cash and/or granting related loans by SNN, with a total amount of EUR 185 million, adjusted to the Project development requirements and necessary for the implementation of Phase 2 of the Project of Units 3 and 4 within Cernavodă NPP, depending on the approval and conclusion of the Support Agreement between the Romanian State and SNN in relation to the Project of Units 3 and 4 within Cernavodă NPP.

In December 2022, the Government of Romania, at the proposal of the Ministry of Energy, approved the draft law concerning the signing of the support agreement between the Romanian State and the Company for the project concerning Units 3 and 4 of Cernavodă. The draft law was adopted by the Senate on 6 February 2023 and was registered with the Chamber of Deputies for debate (PL-x no. 46/2023).

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for.)

1. REPORTING ENTITY (CONTINUATION)

a) General information about the Group (continuation)

Core businesses of the Group (continuation)

Moreover, the Group owns a reactor (Unit 5), for which the Company's shareholders had approved the change in the original destination since March 2014, namely, the use of Unit 5 for carrying out the activities related to the operation of Units 1 and 2. At the beginning of 2020 the International Atomic Energy Agency ("IAEA") performed a benchmark assessment of the design requirements for the investment objective On-Site Emergency Control Center ("OSECC") – Unit 5 and an assessment of the technical requirements relating to the rating of equipment for hazards/ external events (especially the seismic rating). Presentations submitted by the international experts of IAEA within the benchmarking brought to the forefront a new method/strategy of rating, namely the demonstration of the seismic margin by using the seismic experience as an alternative method for rating the critical systems in the Building of Facilities for Emergency Cases ("BFFEC"). In June 2020, NCNAC expressed its consent to use the seismic experience as an alternative method for demonstrating the seismic rating of the critical equipment, in which sense, in July 2020 the seismic rating guide was updated, as well as the list of systems/equipment rated from the seismic point of view for BFFEC. In the context of the above-mentioned data, a revised chart of the relaunching strategy was prepared. The revised chart for the implementation of the project comprises the completion of the construction and assembly works (purchase of seismically rated equipment and construction and assembly works) and the operationalization of the objective during 2024.

The manufacture of CANDU nuclear fuel bundles needed for the operation of the two functional nuclear reactors within Cernavodă NPP Branch, is carried out by the Group, within NFP Pitești Branch.

By establishing the subsidiary Fabrica de Prelucrare a Concentratelor de Uraniu - Feldioara S.R.L., the Company aims to ensure production stability, productivity and continuity, by controlling and managing the risks along the entire fuel chain, by acquiring uranium oxide and processing it locally. Thus, the main objective of the subsidiary is the processing of uranium concentrates to obtain the synthesizable uranium dioxide powder required for the manufacture of CANDU 6-type nuclear fuels. The obtained synthesized uranium dioxide powder is intended exclusively for the manufacturing flow of the nuclear fuels existing at NFP Pitești branch.

The subsidiary Nuclearelectrica Serv SRL will mainly take over collection, segregation and characterization of the radioactive waste, that use to be performed by external providers. Other services provided by this subsidiary are: fire prevention, handling services in the warehouses of Cernavodă NPP branch.

Ropower Nuclear S.A. Company is established to develop, raise financing, design, build and operate a facility for production of electricity from nuclear energy based on the small modular reactors in Doicești, County of Dâmbovița, based on the NuScale technology, consisting of 6 NuScale modules of 77 MWe each, totalling 462 MWe, as well as to operate a facility for production of electricity from solar energy, with a capacity of at least 80-100 MWe, in the commune of Șotânga, County of Dâmbovița.

b) Consolidation purpose

Accounting principles and methods

(i) Subsidiaries

Subsidiaries are entities under the control of the Group and are fully consolidated, applying the global integration method.

The Group controls an investee if and only if the investor has all the following:

- a) Authority over the entity the investment was made in;
- b) Exposure, or rights, to variable returns from its involvement with the investee;
- c) The ability to use its power over the investee to affect the amount of the investor's returns.

When assessing the control, the Group also considers the potential or convertible voting rights that are then exercisable.

1. REPORTING ENTITY (CONTINUATION)

b) Consolidation purpose (continuation)

The financial statements of the subsidiaries are included in the consolidated financial statements as of the time when the control is exercised, and until the time when such control ceases. The accounting policies of the Group's subsidiaries were amended so as to align with those of the Group.

The subsidiaries falling under the consolidation scope are presented in Note 1 a).

(ii) Related entities

The related entities are companies over which the Group can exercise a significant influence, but cannot control their financial and operating policies.

The consolidated financial statements include the Group's share of the results of the related entities based on the equity method, from the date when the Group started to exercise its significant influence and until the date when this influence ceases.

The interests where the Group holds between 20% and 50% of the voting rights, but over which it does not exercise a significant influence, are qualified as financial assets available for sale.

The related entities are accounted for according to the equity method, and are initially recognized at cost. The Group's investment includes the goodwill identified at the time of purchase, less the accrued impairment losses. The consolidated financial statements include the Group's share of revenues and expenditure, and the movements in the capital of the related entities, after adjustments to align the accounting policies with those of the Group, over the time when such significant influence is effectively exerted. When the Group's share of the losses is greater than the interest in the entity accounted using the equity method, the carrying amount of such interest (including any long-term investments) is zeroed, and recognition of future losses is discontinued, unless the Group has a liability or made payments on behalf of the investee.

(iii) Transactions removed from consolidation

Intra-Group settlements and transactions, as well as the lost profits from intra-Group transactions are completely left out of the consolidated financial statements. Lost profits from transactions with related or jointly-controlled entities are removed up to the Group's participating interest. Lost profits from transactions with a related entity are removed in return for the investment in the related investee. Unrealized losses are removed in the same way as lost profits, but only to the extent that there are no indications of impairment.

(iv) Business Combinations

In application of IFRS 3, business combinations are measured and recognized in accordance with the following principles:

- At the purchase date, the identifiable assets acquired and the liabilities assumed, measured at fair value, and any non-controlling interests in the acquired company (minority interests) are booked separately from goodwill;
- Non-controlling interests can be measured either at fair value (full goodwill method) or at their share in the fair value of the net assets of the acquired company (partial goodwill method). The decision is made on a case-by-case basis, for each transaction;
- Any purchase or sale of an investment in a subsidiary that does not affect the control is qualified as transaction between shareholders and must be booked directly in the equity;
- If additional interests are acquired in a joint venture, a joint operation or a related entity without resulting into a control acquisition, the value of the previously acquired assets and liabilities remains unchanged in the consolidated balance-sheet.
- Where the control acquisition is staged-out, the cost of the business combination includes the fair value, on the control acquisition date, of the buyer's previously held interest in the acquiree;
- The related costs that can be charged directly to a control-leading acquisition are expenses for the periods when these were incurred, save for the cost of debt instrument or equity instrument issue, which must be accounted in observance of IAS 32 and IFRS 9;
- IFRS 3 does not apply to business combinations under common control, which are examined on a case-by-case basis to determine the appropriate accounting treatment.

S.N. Nuclearelectrica S.A.

Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for.)

1. REPORTING ENTITY (CONTINUATION)

c) Regulations in the Energy Sector

The Romanian energy sector is regulated by the Romanian Energy Regulatory Authority (“ANRE”), an independent public institution. The Romanian electricity market has been liberalized since 2021, and the Company participated both in 2022, and in the year 2021 only in the competitive share (for more information see Note 22).

2. PREPARATION BASES

a) Declaration of conformity

The Consolidated Financial Statements have been prepared on the basis of the Order of the Minister of Public Finance no. 2.844/2016 on the approval of the Accounting Regulations compliant with the International Financial Reporting Standards (“IFRS”) (“OMPF no. 2.844/2016”). Within the meaning of OMPF no. 2.844/2016, the International Financial Reporting Standards are standards adopted in accordance with the procedure laid down in European Commission Regulation no. 1.606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.

The accounting records of the subsidiary are kept in RON, in accordance with the Romanian Accounting Regulations (RAR). These accounts have been restated to reflect the differences between the RAR accounts and the IFRS accounts. Correspondingly, the RAR accounts were adjusted when necessary to harmonize these financial statements, in all material respects, with the IFRS adopted by the European Union.

Apart from the specific consolidation adjustments, the main restatements of the financial information disclosed in the financial statements prepared in accordance with the Romanian accounting regulations consisted of:

- grouping more elements into more comprehensive categories;
- adjustments of assets, liabilities and equity elements, in accordance with IAS 29 “Financial Reporting in Hyperinflationary Economies” due to the fact that the Romanian economy used to be a hyperinflationary economy until 31 December 2003;
- adjustments for recognition of receivables and payables related to the deferred corporate tax, in accordance with IAS 12 “Income Taxes”;
- the presentation requirements in accordance with IFRS.

The Consolidated Financial Statements prepared for the financial year ended on 31 December 2022 were audited by the financial auditor of the Group - S.C. Mazars Romania S.R.L.

These Consolidated Financial Statements were authorized for issue and were signed on 17 March 2023 by the Group’s management.

b) Going concern

These Financial Statements were drafted according to the going concern principle supposing that the Group will continue its activity, without any significant reduction, as well as in the foreseeable future.

Having examined the implications of the conflict in Ukraine on the Group’s business, the management consider that its business continuity will not be affected (see Note 4).

c) Presentation of the financial statements

The Consolidated Financial Statements are presented in compliance with the requirements of IAS 1 – “Presentation of Financial Statements”. The Group has adopted a presentation based on liquidity under the consolidated statement of the financial position and a presentation of the income and expenditure depending on their nature under the consolidated statement of profit or loss and of other comprehensive income, considering that such presentation approaches provide information that is more relevant than that presented according to different methods permitted under IAS 1.

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for.)

2. THE BASES OF DRAFTING THE FINANCIAL STATEMENTS (CONTINUATION)**d) Bases of measurement**

The Consolidated Financial Statements were prepared based on the fair value convention for financial assets held for sale and tangible non-current assets, such as land and buildings. Other financial assets and liabilities, such as non-financial assets and liabilities are presented at amortized cost or historical cost.

The accounting policies defined below have been consistently applied to all periods covered by these financial statements. These consolidated financial statements were prepared based on the going concern principle.

e) Functional and presentation currency

The Consolidated Financial Statements are presented in Romanian LEI ("RON" or "LEU"), as this is also the functional currency of the Group. All financial information is presented in RON, unless otherwise indicated.

f) Use of estimates and judgments

Preparation of the Consolidated Financial Statements in accordance with the IFRS adopted by the European Union requires the management to make estimates, judgments and assumptions that affect application of the accounting policies, as well as the reported value of assets, liabilities, revenues and expenditure, the estimated lifetimes of non-current assets (see Note 3c), the assumptions used to determine the fair value (see Note 4), the assumptions used to determine the fair value of tangible non-current assets (see Note 5), the recognition of spare parts that meet the required conditions of IAS 16 as tangible non-current assets (see Note 5), the recoverability of trade receivables (see Note 11), the assumptions applied for the net recoverable value of inventories (see Note 10), the assumptions applied to calculate the liabilities related to employee benefits (see Note 21), the assumptions applied for the time for restatement of governmental subsidies in the profit and loss statement (see Note 3q and Note 19), and the estimates concerning the radioactive and non-radioactive waste management obligations (Note 18).

Judgments and assumptions related to such estimates are based on the historical experience as well as other factors considered to be reasonable in the context of such estimates. Results of such estimates form the basis of judgments relating to the carrying amounts of assets and liabilities which cannot be obtained from other information sources. Results obtained could be different from the estimates values.

Judgements and assumptions underpinning them are revised on a regular basis. Revisions of the accounting estimates are recognized during the period in which the estimate is revised, if such revision only affects that period, or during the period when the estimated is revised, and the future period, where revision affects both the current, and future periods.

The management's judgments in application of the IFRSs that have a significant impact on the financial statements, as well as the estimates that imply a significant risk of a material adjustment during the next year are shown in Note 4 and 29.

For application of IFRS 10 and IFRS 11, the Group uses judgment to assess the control exercised and determine the type of partnership represented by a jointly-controlled entity.

S.N. Nuclearelectrica S.A.

Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for.)***3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies presented below have been consistently applied to all periods covered by these financial statements and by all Group's entities.

The Consolidated Financial Statements are prepared based on the assumption that the Group will continue its activity in a foreseeable future. For assessing the applicability of such assumption, the Group's management examines the forecast regarding the future cash inflows.

a) Transactions in foreign currency

Transactions in foreign currency are converted into RON at the exchange rates on the transaction date. Monetary assets and liabilities, expressed in foreign currency at the end of the year, are expressed in RON at the exchange rate displayed by the National Bank of Romania as valid for the last banking day of the year. Gains and losses from exchange rate differences, either realized or unrealized, are included in the profit and loss statement of that year. The exchange rates as at 31 December 2022 and 31 December 2021, for the key currencies used by the Company in transactions, are as follows:

	Average rate		Exchange rate as at	
	2022	2021	31 December 2022	31 December 2021
RON/EUR	4.9315	4.9204	4.9474	4.9481
RON/USD	4.6885	4.1604	4.6346	4.3707
RON/CAD	3.6020	3.3192	3.4232	3.4344
RON/GBP	5.7867	5.7233	5.5878	5.8994
RON/CHF	4.9096	4.5516	5.0289	4.7884

Non-monetary assets and liabilities expressed in a foreign currency, that are measured at fair value, are converted into the functional currency at the exchange rate valid on the fair value determination date. The non-monetary items measured at historical cost in a foreign currency are converted applying the exchange rate on the transaction date.

b) Adjustment of hyperinflation's effects

In accordance with IAS 29, the financial statements of an entity the functional currency of which is the currency of a hyperinflationary economy must be presented in the current measurement unit on the end date of the reporting period (non-monetary items are restated applying a general price index on the date of the acquisition or contribution).

According to IAS 29, an economy is deemed to be hyperinflationary when, among other factors, the cumulative inflation rate over a 3-year period is higher than 100%. The continuous fall in the inflation rate and other factors related to the characteristics of the Romanian economic environment point out that the economy the functional currency of which was adopted by the Company has ceased to be hyperinflationary, with effects on the financial periods starting with 1 January 2004. Therefore, the provisions of IAS 29 were adopted in preparation of the financial statements before 31 December 2003.

In order to draw up the consolidated financial statements as at 31 December 2022, the Group adjusted the following non-monetary items so as to be expressed in the current measurement unit as at 31 December 2003:

- ✓ Share capital (see Note 14);
- ✓ Tangible non-current assets acquired before 31 December 2003.

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for.)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

c) Tangible non-current assets

Recognition and measurement

Tangible non-current assets recognized as assets are initially measured at cost. The cost of an item of tangible non-current assets is formed of the purchase price, including any non-recoverable charges, having first deducted any trade price discounts and other costs that can be directly charged to bringing that asset to site and conditions needed for its operation as envisaged by the management, such as: employee costs resulting directly from construction or acquisition of that asset, site arrangement costs, initial delivery and handling costs, installation and assembly costs, professional fees.

Tangible non-current assets are classified by the Group in the following classes of assets, of the same nature and with similar uses:

- Lands;
- Buildings;
- Equipment, technical plant and machinery;
- Means of transport;
- Furniture and other tangible non-current assets.

Tangible non-current assets, except for land and buildings, are shown at cost, less the accumulated depreciation and write-down adjustment. Land and structures are valued separately at fair value. Thus:

- Land, special structures, administrative buildings and other buildings, including nuclear power plants, are show at revalued amount. On the date of shifting to IFRS, these were measured using the deemed cost method. Thus, the revaluation surplus, booked by the Company according to the Order of the Minister of Public Finance no. 3055/2009 until 1 January 2012, was transferred to retained earnings, in a distinct analytical account. The revaluation reserves after the date of shifting to IFRS, further to remeasurements, are shown as such in the financial statements. The revaluation surplus, from before the shift to IFRS, and afterwards, is made as the tangible non-current assets are depreciated or at disposal.
- Machinery, equipment and other assets (save for special structures, administrative buildings and other buildings, including nuclear power plants) are show at historical cost, less any accumulated depreciation and any accumulated impairment losses.
- Non-current assets in progress are booked at historical acquisition or construction cost or at inflated cost (restated depending on the measurement unit existing on 31 December 2003 for the non-current assets purchased before 1 January 2004), less any accumulated impairment losses.

The structures and heavy water to be used in expansion of the production capacity are included in the non-current assets in progress; since heavy water is not used and does not chemically depreciate, it is initially and subsequently measured at cost.

Units 1, 2, 3, 4 and 5 were considered one single project, and before 1990, the costs incurred were booked separately for each unit. In 1991, the Group operated a cost allocation for each Unit. This allocation is the cost base of the non-current assets included in tangible non-current assets in progress.

Items, such as spare parts, spare equipment and maintenance equipment are recognized as tangible non-current assets according to IAS 16, when they meet the definition of the tangible non-current assets. All other spare parts are recognized as inventories.

The fair value was determined based on measurements made by independent external valuers, using the market value and net replacement cost methods, less the accumulated depreciation and the accumulated impairment losses, if any.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)**c) Tangible non-current assets (continuation)*****Recognition and measurement (continuation)***

Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

The last revaluation of lands and buildings was made on 31 December 2021 by the independent valuer (Primoval S.R.L., a member of the National Association of Authorized Romanian Valuers - ANEVAR). Prior to such revaluation, lands and buildings were revalued as at 31 December 2018.

If an asset's carrying amount is increased as a result of a revaluation, the increase shall be credited directly to equity under the heading "Revaluation surplus"; however, the increase shall be recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss.

If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognized in profit or loss; however, the decrease shall be debited directly to equity under the heading of revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognized in other comprehensive income reduces the amount accumulated in equity under the heading of "Revaluation Surplus".

Subsequent expenditure

As a rule, subsequent expenditure expenses related to a tangible non-current asset are expensed during the period in which these were incurred. Those subsequent expenditure or investments made on tangible non-current assets to improve their initial technical parameters and leading to future economic benefits, additional above those initially estimated, are recognized and capitalized as an asset item. Benefits can be obtained either directly by increasing revenues, or indirectly by reducing the maintenance and operating expenditure.

In order to apply the provisions of the international accounting standard IAS 16 "Tangible Assets", the regular major inspections carried out at Cernavodă NPP are capitalized under tangible non-current assets, and are subsequently straight-line depreciated over a period of 2 years. The regular major inspections concern mainly the same components of the Units, so the depreciation period considered is the 2-year period between two regular general inspections conducted mainly on the same components, i.e., they substitute one another. The latest overhauls carried out were: for Unit 1 in 2021, and for Unit 2 in 2022.

Repairs and current maintenance costs are expenses as they occur.

Depreciation

Depreciation of tangible non-current assets is calculated based on a depreciation plan, since their commissioning date and until full recovery of their input value, according to the useful lifetimes and their usage conditions.

The Group's management estimate that the lifetimes of the plant, property and equipment covered by the Government Decision no. 2139/2004 approving the Catalogue for classification and normal operation periods of plant, property and equipment match the useful operation periods and conditions of use applicable to the tangible non-current assets owned by the Group.

Depreciation of buildings takes place on the basis of equal annual rates in order to depreciate their revalued amount over their remaining lifetime. Depreciation of other tangible non-current assets is booked based on the straight-line method, over their estimated useful life, as follows:

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*(All amounts are expressed in RON, unless otherwise expressly provided for.)***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)****c) Tangible non-current assets (continuation)****Depreciation (continuation)**

Asset	Number of years
Nuclear plant - Units 1 and 2	30
Heavy water (loading for Units 1 and 2)	30
Buildings	45 – 50
Inspections and overhauls	2
Other plants, equipment and machinery	3 - 20

Land is not subject to depreciation because is considered to have an undefined lifetime.

Tangible non-current assets in progress are not depreciated before they are put into use.

The estimated lifetimes of Units 1 and 2, i.e., 30 years, take into account a number of projected operation hours per Unit of 210,000 hours, equivalent to a capacity factor of 80% over a period of 30 years. Before 31 December 2022, the cumulative capacity factor attained since commissioning of Unit 1 is 81.42%, and 98.60% for Unit 2, which is higher than the designed capacity factor of 80%. Using these capacity factors extrapolated to the same value for the remaining lifetime, it would follow that the estimated effective lifetime of the units will be 26.4 years for Unit 1 and 25.4 years for Unit 2; however, this is a simplistic straight-line extrapolation, as it is expected that the average capacity factor achieved so far for both units gradually decreases until the end of the initial lifetime due to the fuel canal creeping, hence to the inherent wear of the units.

The operating experience of other CANDU-type nuclear power plants that have reached the number of designed operating hours indicates shows that it is possible to extend the number of initial operating hours beyond the number of designed hours of 210,000 hours. In February 2017, the Group contracted specialty technical assistance services in order to determine the possibility of extending the number of designed hours of operation for Unit 1. The survey carried out concluded with a work plan listing the analyses and assessment due to be performed to prove the functionality of Unit 1 of Cernavodă NPP up to 245,000 effective hours of operation. These analyses and assessment will substantiate the renewal of the operation permit for Unit 1.

The Company's management are confident that they can successfully extend the number of operation hours for Unit 1 above the designed 210,000 hours of operation, which could ensure operation of Unit 1 until 2026 and therefore maintain the remaining estimated lifetime span, given the estimated lifetime of the first operation cycle of 30 years.

By extrapolating this reasoning and taking into account the remaining lifetime of Unit 2, added to the capacity factor of Unit 2 in the upcoming period, related also to the lifecycle of Unit 2, the estimated life is maintained for Unit 2, too. The estimated residual values, for both units, are zero, considering the challenges attached to the refurbishment of the units after their initial lifetime, which allow extending it by another 25 years after refurbishment.

Depending on the actual results concerning the extension of the initial lifetime of Unit 1 beyond the number of design operation hours, the lifetime estimates for both units could be revised in the following financial years.

Buildings and other plants, machinery and equipment are presented in Note 5 under the heading "Machinery, Equipment and Other Assets". The general inspections and overhauls, capitalized in accordance with IAS 16, are presented in Note 5 and are reflected in the carrying amount of "Nuclear Power Plants". Heavy water (loading for Units 1 and 2) was reclassified as of 31 December 2019 under the item "Nuclear Power Plants".

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for.)***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)****c) Tangible non-current assets (continuation)*****Depreciation (continuation)***

When the items of a tangible non-current asset have different lifetimes, they are booked as stand-alone items (major components) of an asset. The asset depreciation methods, useful lifetimes and residual value are revised and adjusted, as necessary, at each reporting date.

The carrying amount of the asset is adjusted to the recoverable amount when the carrying amount is higher than the estimated recoverable amount.

The profit and loss from sales are determined by the difference between the revenues obtained from the sale of the asset and its carrying amount, and are recognized as operating revenues or operating expenditure through profit and loss.

The cost of loans contracted specifically for the construction of a tangible non-current asset is capitalized under that asset's cost until the date when the activities needed for preparation of the asset for its envisaged use or for sale are carried out.

Sale/retirement of tangible non-current assets

The items of tangible non-current assets that are retired or sold are removed from the statement of the financial position, together with their respective accumulated depreciation. Any profit or loss resulting from such an operation is included in the current profit or loss.

d) Non-current assets held for sale

Non-current assets are classified as held for sale when their carrying amounts are to be recovered primarily through a sale transaction rather than through continued use. Thus, an asset can be classified as held for sale according to IFRS 5 only if the following criteria are met:

- The asset is readily available for sale in its current condition,
- The sale of this asset is very likely.

All criteria listed below must be met for the sale to be highly likely:

- A sale plan was assumed at the appropriate management level;
- An active programme was initiated to find a buyer and realize the plan;
- The asset is actively marketed at a reasonable price given its current fair value;
- No material changes or withdrawal of the plan are likely;
- It is expected that the sale will meet the derecognition criteria in order to be qualified as sale during one year.

Measurement before classification as held for sale

As a first step, immediately prior to initial classification of an asset as held for sale, the carrying amount of that asset is measured according to the applicable IFRS standards (e.g. property, production units and equipment are measured according to IAS 16), including any cumulative impairment and any write-down in the balance-sheet, if any. This first step applies to a newly-acquired asset, as well as an existing asset that will be reclassified as held for sale under this policy.

Measurement at initial classification as held for sale

At initial classification as held for sale, the individual asset identified as held for sale is measured at the lower of:

- its carrying amount, and
- its fair value, less the costs to sell.

When the fair value less the costs to sell is higher than the asset's carrying amount, no adjustment is necessary. Otherwise, an impairment loss resulting from this initial measurement is booked directly in the profit and loss statement, and value of the non-current asset is adjusted accordingly.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

d) Non-current assets held for sale (continuation)

Subsequent measurement

At subsequent measurement, the non-current asset held for sale is measured at the lower of the value carried forward and the fair value less the costs to sell.

Non-current assets held for sale are not depreciated.

Recognition of impairment losses and reversals

Any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell is recognized as impairment loss.

The subsequent increase in fair value less costs to sell of an asset is recognized as gain, but not in excess of the cumulative impairment loss that has been recognized either in accordance with IFRS 5 or previously in accordance with IAS 36 "Impairment of Assets".

Derecognition

If the classification criteria for an asset or disposal group held for sale are no longer met, that asset or disposal group will no longer be classified as held for sale.

A non-current asset which is no longer classified as held for sale is measured at the lower of:

- the amount carried forward before classification as held for sale, as adjusted for any impairment, depreciation/amortization or remeasurement needed if the asset or group intended for disposal would not have been classified as held for sale; and
- the recoverable amount on the date of the decision not to sell.

e) Leasing

(i) Recognition

As of 1 January 2019, under IFRS 16 "Leases", a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee under the lease agreement for the space used as headquarters, the Group recognized an asset related to the right to use the underlying asset and a lease liability arises under the same agreement.

As lessor, the financial statements are not unaffected by introduction of the new standard.

Exclusions from application of IFRS 16:

- leases with a lease period of 12 months or less, which do not provide for any purchase options, and
- leases, where the underlying asset is of a lower amount.

The Group found that the exclusion criteria were not met and, consequently, restated the leases as a lessee, according to IFRS 16. The Group concluded leases for assets and liabilities and concession contracts for land, for which it estimated the initial value of the asset related to the right to use at an amount equal to the debt discounted upon transaction, arising from such leases.

(ii) Measurement

The Group, as lessee, values also the liability arising from the lease at the present value of the lease payments that are not paid to that date. The discounting is done using the default interest under the lease agreement, provided that this rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used.

The carrying amount of the asset measured on the cost-based model represents the cost of the initial measurement, less any accumulated depreciation and any accumulated impairment losses, and adjusted for to any remeasurements of the liability arising from the leasing agreement.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

e) Leasing (continuation)

(iii) Depreciation

The underlying asset is depreciated using the straight-line method. Where ownership is not transferred or there is no purchase option on the underlying asset until the end of its term, the asset is depreciated starting with the effective date of the lease, and until the first of the end of the useful life and the end of the term of the lease that also provides for renewal or termination options.

(iv) Lease liability

At initial recognition of the lease liability, the present value of the lease payments includes fixed payments less any lease incentives receivable, as well as variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date (e.g. consumer price index).

The present value of the lease payments that are not paid on the recognition date is determined for the entire term of a leasing agreement, taking into account the periods covered by the agreement renewal options, if the Company has reasonable certainty that it will exercise that option, and the periods covered by agreement termination options, if the Company has reasonable certainty that it will not exercise that option.

The cost of utilities does not pose a liability component arising by the lease, and is recognized in profit or loss as invoices are issued.

The liability arising from the lease is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modification (such as, in the term of the contract, the lease payments, the asset purchase options, the interest rate, or the contract termination terms).

(v) Derecognition

The Right of Use (ROU) asset use is derecognized at expiry or termination of the contract and is reflected by reducing the carrying amount of the ROU asset and recognizing the gains/losses from lease modification in profit or loss.

Amendment to IFRS 16, "Leases" - Covid-19-Related Rent Concessions

Due to the COVID-19 pandemic, financial leases may sustain changes, i.e., lessors may grant concessions. Such concessions could take a variety of forms, including grace periods for rent payment, and deferring lease payments. As at 28 May 2020, IASB published an amendment to IFRS 16 to provide a practical optional tool for lessees to assess whether such Covid-19 rent-related concessions qualifies as lease modification. Lessee can choose to account such rent-related concessions in the same way as if no rent changes occurred. In many cases, this will lead to entering the concession as variable lease payments in accounts, during the period(s) when the event or condition triggering the reduced payment occurs. This amendment was extended for another year, until 30 June 2022.

Neither in 2021, nor in 2022, the Group did not obtain any concessions from lessors; therefore, no changes to leases and implicitly to the accounting treatments applied thereto in accordance with the provisions of IFRS 16 were booked.

f) Intangible non-current assets

Intangible non-current assets are mainly represented by software and licenses. These are shown at historical cost less accumulated amortization and write-down adjustment.

Research and development

The cost of research conducted to gain new scientific or technical knowledge or interpretations is recognized in profit or loss as it is incurred.

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

f) Intangible non-current assets (continuation)

Research and development (continuation)

Development activities involve a plan or project aimed at new or substantially improved products or processes. Development costs are capitalized only if they can be reliably measures, the product or process is technically and commercially feasible, the future economic benefits are likely, and the Group intends, and has sufficient resources, to complete the development and use or sell the asset. Capitalized expenses include the cost of materials, direct personnel costs and administrative costs that are directly attributable the preparation of the asset for its intended use, and the capitalized borrowing costs. Other development costs are recognized in profit or loss as they are incurred.

The capitalized development costs are measured at cost less the accumulated amortization and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure with intangible non-current assets is capitalized only when they increase the future economic benefits of the asset they refer to. All other costs are recognized in the stand-alone statement of profit or loss as they are incurred.

Depreciation

Depreciation is entered in the stand-alone statement of profit or loss based on the straight-line method, over their estimated useful life of the intangible non-current assets. Intangible non-current assets are amortized as of the date when the asset is ready for use, its useful life being then determined depending on the period during which the asset can be used.

The Group holds intangible non-current assets from acquisitions, and not generated internally. The useful lives are determined according to the period during which the asset can be used, for a defined time between 2 and 8 years. Windows licenses, MS Office and software programs have a useful life set between 2 and 3 years, and computer programs specific to operation of the nuclear power plant have a useful life between 5 and 8 years. The Group does not hold any intangible non-current assets purchased from governmental subsidies.

g) Financial assets and liabilities

Classification

The Group adopted IFRS 9 "Financial Instruments".

This standard replaced IAS 39 "Financial Instruments: recognition and measurement" as to classification and measurement of financial assets and replaces the model applied to estimate the adjustments for impairment of financial assets within a model based on expected losses.

IFRS 9 contains a new approach to classification and measurement of financial assets that reflects the business model under which assets are managed and the characteristics of the cash-flow.

IFRS 9 lists three main classification categories for financial assets: measured at amortized costs, measured at fair value through other comprehensive income, and measured at fair value through profit or loss.

The Group classifies the financial instruments held in the following categories:

Financial assets measured at amortized cost

A financial asset shall be measured at amortized cost if it means both of the following conditions and is not designated at measured at fair value through profit or loss:

- is held within a business model whose objective is maintain assets for collection of contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The standard takes over the provisions of IAS 39 about recognition and derecognition of financial instruments.

As at 31 December 2022 and 2021, the Group holds financial assets measured at amortized cost.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)**g) Financial assets and liabilities (continuation)*****Classification (continuation)******Financial assets at fair value through other comprehensive income***

A financial asset shall be measured at fair value through other comprehensive income only if both of the following conditions are met and is not designated at fair value through profit or loss:

- is held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Moreover, at initial recognition of an investment in equity instruments that is not held for trading, the Group can make an irrevocable election to present in other comprehensive income changes in the fair value. These options apply to each instrument, as the case may be.

As at 31 December 2022 and 2021, the Group does not hold any financial assets at fair value through other comprehensive income.

Financial assets at fair value through profit or loss

All financial assets which are not qualified as measured at amortized costs or at fair value by other comprehensive income will be measured at fair value through profit or loss. Moreover, at initial recognition, the Group may irrevocably designate a financial asset, which otherwise meets the requirements to be measured at amortized cost or at fair value through other comprehensive income, to be measured at fair value through profit or loss, when this removes or significantly reduces an accounting inconsistency that would appear in any other approach.

As at 31 December 2022 and 2021, the Group does not hold any financial assets at fair value through profit or loss.

Recognition

Financial assets and financial liabilities are recognized on the date when the Group becomes a contractual party to the terms of that instrument. Financial assets and liabilities are measured when they are initially recognized at fair value.

Offsets

Financial assets and liabilities are offset, and the net result is presented in the statement of the financial position only when there is a legal right to offset and if there is an intention to settle them on a net basis or if the intention is to realize the asset and pay off the debt at the same time.

Revenues and expenditure are presented net only when this is permitted under the accounting standards, or for the profit and loss resulting from a group of similar transactions, such as those from the Group's trading activity.

Measurement***Measurement at amortized cost***

The amortized cost of a financial asset or liability represents the measured amount of that financial asset or liability after initial recognition, less the principal payments, plus or minus the accumulated amortization up to that time, using the effective interest method, less any reductions related to impairment losses.

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*(All amounts are expressed in RON, unless otherwise expressly provided for.)***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)****g) Financial assets and liabilities (continuation)***Fair value measurement*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the main market participants at the measurement date, or in absence of such a main market, on the more advantageous market the Group has then access to.

The Group measures the fair value of a financial instrument using quoted prices on an active market for that instrument. A financial instrument has an active market if quoted prices are readily and regularly available for that instrument. The market price used to determine the fair value is the closing market price of the last trading day before the measurement date.

In the absence of a price quotation on an active market, the Group applies valuation techniques based on the discounted cash flow analysis and other valuation methods commonly used by market participants, making maximum use of the market information, and relying as little as possible on the company-specific information. The Group uses valuation techniques that maximize the use of observable data and minimize the use of unobservable data.

Derecognition

The Group derecognizes a financial asset when the rights to receive cash flows from that financial asset expire, or when the Group has transferred the rights to receive the contractual cash flows related to that financial asset in a transaction where it transferred substantially all the risks and benefits of ownership.

The Group derecognizes a financial liability when the contractual obligations came to an end, or there are annulled or expired.

Gains and losses from disposal

The gain and loss from disposal of a financial asset or a financial liability measured at fair value through profit or loss is recognized in the current profit or loss.

h) Other financial assets and liabilities

Other financial assets and liabilities are measured at amortized cost using the effective interest method, minus any impairment losses.

i) Impairment of non-financial assets

The carrying amount of the Group's non-financial assets, other than deferred tax assets, is revised at each reporting date for impairment indications. Where there are such indications, the recoverable amount of those assets is estimated.

An impairment loss is recognized when the carrying amount of the asset or its cash-generating unit exceeds the recoverable amount of the asset or its cash-generating unit. A cash-generating unit is the smallest identifiable group that generates cash independently of other assets and groups of assets. Impairment losses are recognized in the statement of profit or loss and other comprehensive income.

The recoverable amount of an asset or a cash-generating unit is the maximum of its value in use and its fair value, less the costs of sale of that asset or unit. To determine the value in use, the future cash flows are discounted applying a discounting rate before taxes that reflects the current market conditions and the asset-specific risks.

Impairment losses recognized in previous periods are measured at each reporting date to determine whether they have decreased or no longer exist. The impairment loss is restated if there has been a change in the estimates used to determine the recovery value. The impairment loss is restated only if the carrying amount of the asset does not exceed the carrying amount that would have been calculated, net of amortization and impairment, had the impairment loss not been recognized.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)**j) Inventories**

Inventories consist of consumables, spare parts that do not meet the criteria to be recognized as tangible non-current assets, safety inventories, uranium and other stock needed for the Group's activity. They are booked as inventories at the time of purchase and are expensed as they are used.

Inventories are measured at the lowest of cost and net realizable amount. The net realizable value is the sale price estimated to be obtained during the normal pursuit of business, less the costs estimated for completion and the costs required for sale.

The inventories booked by the Group include:

- nuclear fuel raw material, regardless of the form in which they are found in the production cycle of nuclear fuel bundles;
- other raw materials and materials.

The cost of raw materials for nuclear fuel and production in progress includes direct costs, such as raw materials, directly attributable salary costs and various production-specific services. The discharge of management for nuclear fuel takes place depending on the component that make up this stock item (uranium, zircaloy, production costs) as the nuclear fuel bundles are loaded into the reactor. The discharge of management is done at weighted average cost (WAC).

Under IAS 2 "Inventories", the cost of inventory outflows must be determined using the first-in, first-out (FIFO) method or the weighted average cost (WAC) method. Before and on 31 December 2015, the Group used to apply the FIFO method.

The Group management review on inventories found that application of the WAC method would produce more reliable results for the users of the annual accounts. In this context, effective 1 January 2016, the accounting policy applied to determine the cost for inventory outflows was changed from FIFO into WAC.

In accordance with the requirements for amendment of accounting policies under IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", the Group's management considers that the WAC method leads to financial statements that are more relevant and reliable for the business decision-making needs of their users, as it can be seen from the review of the two methods below:

- The FIFO method assumes that the outflows are measured at the acquisition or production cost of the first entry. For older inventories and when prices rise, this method does not produce the most reliable picture of the comprehensive income.
- The WAC method requires calculation of each item based on the weighted average of the costs of similar inventory items at the beginning of the period and of those purchased during the period.

The Group is unable to retroactively apply the amendment to this accounting policy, in accordance with the requirements of IAS 8, because the effects of such retroactive application cannot be determined as the cumulative impact on all previous periods cannot be calculated. Therefore, the Group prospectively applies the new policy effective 1 January 2016.

k) Trade receivables and other receivables

Trade receivables are initially book at their invoiced value and are later measured using the effective interest method, minus the amount of the impairment losses. An adjustment for impairment is operated when there is clear evidence that the Group will not be able to collect the receivables on the set due date. The debtor's significant financial difficulties, the likelihood that they enter bankruptcy or financial reorganization, the payment delays (by more than 360 days) are considered indications that these receivables might require value adjustments.

An impairment loss related to a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the expected future cash flows, as discounted using the asset's initial effective interest rate. The carrying amount is reduced by using a depreciation adjustment account, and the loss is booked in the profit and loss statement under "Other operating expenditure".

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)**l) Cash and cash equivalents**

The heading "Cash and Cash Equivalents" includes cash at hand, current accounts and bank deposits without commitments, which are subject to an insignificant risk of changes in fair value. Bank deposits without commitments are understood by the Group as usual bank deposits, the Group has access to at any time, regardless of their initial maturity and whose liquidation before maturity, in case of occurrence making this necessary, does not cause losses.

The heading "Bank Deposits" in the statement of financial position refers to those bank deposits that have an initial maturity between 3 and 12 months, but that have an attached commitment, i.e., they represent collateral deposits related to letters of bank guarantee issued by banks on behalf of the Group, in favour of customers.

The heading "Financial Assets Measured at Amortized Cost" from the statement of financial position also includes collateral deposits related to the aforementioned letters of guarantee, but with a maturity greater than 12 months.

m) Share capital

The share capital represents all the shares subscribed and paid by the shareholders of the mother Group. Share capital is entered distinctly in accounts, based on the incorporation documents and supporting documents concerning capital payments.

The capital increase is carried out by subscription and issue of new shares, incorporation of reserves and other operations, according to the law. The capital decrease is mainly operated by reducing the number of shares or decreasing their nominal value due to withdrawal of shareholders, the coverage of accounting losses from previous years or other operations, according to the law.

Writing off an asset that had been brought up as contribution to the share capital does not change the share capital. In all cases of share capital modification, this is done under a decision of the General Meeting of Shareholders. Gains or losses related to issue or cancellation of shares are not recognized in the profit and loss statement. The consideration received or paid in such transactions is recognized directly in equity.

n) Legal reserve

Statutory reserves account for 5% of the gross profit at the end of the year, until the statutory reserves reach 20% of the nominal share capital subscribed and paid-up, in accordance with the legal provisions. These reserves are deductible in calculation of the corporate tax in the amount provided by the Tax Code and are only distributable at the Group's liquidation. The statutory reserve is distributed on the balance-sheet date. The statutory reserve can be found under the heading "Retained Earnings".

o) Reserve paid in advance

The reserve paid in advance represents the contributions brought up in cash by the Group's shareholders for a future issue of shares by the Company. The contributed amounts are entered in the credit of the reserve paid in advance, when there is no possibility that such advance payments are returned, and the Group's obligation is only to issue a fixed number of shares.

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for.)***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)****p) Government grants**

The Company recognizes the governmental subsidies in accordance with the provisions of IAS 20 Accounting for government grants and disclosure of government assistance.

Government grants are “assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. Subsidies exclude those forms of government assistance which cannot reasonably have a value placed upon them and transactions with government which cannot be distinguished from the normal business transactions of the entity”.

IAS 20 distinguishes between two types of grants/subsidies: those concerning assets, called investment subsidies, and those concerning revenues.

Grants related to assets are “government grants whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long-term assets. Subsidiary conditions may also be attached restricting the type or location of the assets or the periods during which they are to be acquired or held”.

The revenues subsidies are “governmental subsidies different from those related to assets”.

Accounting of governmental subsidies can be done according to one of the following two approaches: the capital-based approach, where a subsidy is recognized outside profit or loss, and the income-based approach, where the subsidy is entered in the profit and loss statement during one or more years.

q) Employee benefits**(i) Defined benefit plans**

A defined benefit plan is a post-employment benefit plan, other than a defined contribution plan. The Group's net liabilities under the defined benefit plans are calculated separately for each plan, estimating the amount of the future benefits that employees have obtained in exchange for the services rendered in the current and periods; these benefits are discounted to present value. Both any unrecognized costs of past service and the fair value of the benefit plan's assets are deducted.

This calculation is done annually by a qualified actuary, using the projected unit credit method. When the calculation returns a benefit for the Company, the recognized asset is limited to the total of the unrecognized costs of previous services and the present value of the economic benefits available in the form of future reimbursements under the plan or reductions in future contributions. To calculate the present value of the economic benefits, all the minimum funding requirements applicable to any plan within the Group are taken into account. An economic benefit is available to the Group when this is realizable during the lifetime of the plan or at the settlement of the plan's liabilities.

When the benefits of a plan are supplemented, the share of the additional benefit related to the services previously provided by the employees is recognized in the profit or loss statement using the straight-line method, over the average period of time until the benefits take effect. When benefits take effect immediately, the expenditure is recognized immediately in the profit or loss statement.

The Group immediately recognizes all actuarial gains and losses from defined benefit plans as other comprehensive income and all expenditure related to the defined benefit plans in profit or loss.

The Group recognizes the gains or losses related to reduction or settlement of a defined benefit plan when the reduction or settlement concerned actually takes place.

The gains or losses arising from a reduction or settlement must include any resulting change in the present value of the defined benefit liability, any resulting change in the fair value of the plan's assets, any related actuarial gains or losses, and any related cost of past service that had not been previously recognized.

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for.)***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)****q) Employee benefits (continuation)****(ii) Other long-term employee benefits**

The Group's net liability as to the long-term benefits granted to employees is the amount of the future benefits that the employees have earned in exchange for the services rendered in the current and previous periods. This benefit is discounted to determine its fair value, and the fair value of any related asset is deducted. These benefits are estimated using the projected unit credit method. Any actuarial gains or losses are recognized in the profit or loss during the period when they occur.

(iii) Short-term employee benefits

The liabilities for short-term benefits are measured without being discounted and are expensed as the services are rendered. A provision is recognized at the amount estimated to be paid for short-term benefits in the form of bonuses or employee profit sharing, only when the Group has a present, legal or implicit obligation to pay this amount for past services rendered by employees, and this can be reliably estimated.

r) Provisions for risks and charges

Provisions are recognized only when, further to a past event, the Group has a current legal or implicit liability that can be reliably estimated, and an outflow of benefits is likely to be needed in order to pay off that liability. Provisions are determined by updating the projected future cash-flows using a discounting rate before taxes, that would reflect the current market measurements of the value in time of money and the asset-specific risks. The discounting amortization is as financial cost.

The provision for intermediate storage of the used nuclear fuel is determined as the present value of the future cost of its storage. The provision for the management of low- and medium-level radioactive waste and the provision for the management of non-radioactive waste are determined as the present value of their future management cost. The management of the low- and medium-level radioactive waste and non-radioactive waste takes place in a period after that when it is generated by the operating activity.

s) Contingent liabilities and assets

Contingent liabilities are not recognized in the financial statements. These are shown in notes, save for when the possibility of an outflow of economic benefits is reduced.

Contingent assets are not recognized in the financial statements, but are shown when an inflow of benefits is likely.

t) Revenues and expenditure recognition

Revenues are recognized to the extent that the economic benefits are likely, and these benefits can be reliably measured. The following criteria must also be met in order to recognize revenues:

(i) Income from the sale of electricity

In order to recognize the income from the sale of electricity, the Group applies the provisions of IFRS 15 "Revenue Recognition".

IFRS 15 clarifies how to identify the duty to perform under a contract, how to determine whether an entity acts in their own name or as an intermediary, and whether the revenue obtained must be recognized at a given time or over time.

IFRS 15 sets out a five-step model that applies to revenue under a contract with a customer (except for contracts that are subject to other standards, such as IFRS 16, IFRS 9, IFRS 4, etc.), regardless of the transaction time or the industry. Also, the requirements of the standard will apply to recognition and measurement of gains and losses from the sale of certain non-financial assets, which are not the result of the Group's regular business (e.g.: sale of tangible and intangible non-current assets). The group assessed the impact of these changes on its financial position and performance, but did not identify any material element before the reporting date.

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for.)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

t) Income and expenditure recognition (continuation)

The group looked into the main revenue streams, which are represented by the sales of electricity and heat and other revenues, by applying the "five steps" model set out under IFRS 15. Based on the results of the analysis of the contractual terms for the main types of contracts related to each significant revenue stream, the Group concluded that IFRS 15 does not have a material impact on the financial statements, compared to the revenue recognition according to IAS 18 and IAS 11.

The group delivers goods (electricity and heat) for which it considers that revenue recognition should take place at a given time, when the control over the asset is transferred to the customer, i.e., at delivery of the goods.

(ii) Financial income and expenditure

Financial income mainly include income from interest on banking deposits and cash, income from dividends, and income from exchange rate differences. Financial income is recognized in the profit and loss statement loss account based on accrual accounting, using the effective interest method. The effective interest rate is the rate that accurately discounts the expected future cash payments and receipts over the expected lifetime of that financial asset or liability (or, where appropriate, over a shorter period) to the carrying amount of that financial asset or liability.

The amount of the interest on the liabilities arising from the leasing agreement contract is determined using a discount rate that can be the interest rate under the contract or the marginal lending rate of the lessee, and is recognized in profit or loss.

Financial costs include mainly the cost of loan interest and exchange rate losses. All borrowing costs that are not directly attributable to the purchase, construction or production of an asset are recognized in the profit and loss statement using the effective interest method.

(iii) Levies

IFRIC 21 "Levies" clarifies how levy costs should be recognized in accounts. For an entity, the event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation. The liability to pay a levy is gradually recognized if the generating event takes place over a period of time.

The Group has implemented the provisions of **IFRIC 21 Levies** by amending its accounting policies starting with the 2014 annual financial statements. In scope, the Group identified the tax on special constructions and local taxes and duties. The Group recognized the liability for these taxes and duties when the activity giving rise to payment occurred, as this is defined under the relevant legislation. A liability for taxes and duties is gradually estimated only when the activity that gives rise to payment occurs during a period.

IFRIC 21 applies retroactively to all taxes introduced by the governmental authorities according to legislation, other than cash outflows subject to other standards (e.g.: IAS 12 "Income Taxes"), fines and other penalties for infringements of the legislation.

IFRIC 21 points out that this interpretation does not address the method of booking the counterpart of this liability (i.e., asset or cost), but explains that an asset is recognized when a liability has been paid in advance and there is no current payment liability.

The Group considered that liability recognition time is determined by its existence in the assets forming the taxable basis and consequently, the liability for the tax on special structures and the local taxes and duties was recognized in full on 1 January, at the same time with the related cost.

The Group reconsidered the date when the generating event occurs for the taxes and duties that fall under the scope of IFRIC 21 and concluded that this date is 31 December of each year.

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for.)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

u) Operating segments

An operating segment is identified by IFRS 8 "Operating Segments" as a component of an entity:

- That engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the same entity;
- Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- For which discrete financial information is available.

The Group's management consider its operations as a whole as "one single segment".

Identification of a single reportable segment relies on the following elements:

- The Group generates and delivers only electricity and heat. The share of revenues delivery of heat is down at only 0.3%.
- The generation activity takes place only in the territory of Romania.
- The two functional nuclear units and the nuclear fuel plant are located in the territory of Romania.
- The electricity delivery is mainly done in the territory of Romania and to legal entities.
- The regulatory framework is consistent for the entire Company. The Group applies accounting regulations compliant with the International Financial Reporting Standards ("IFRS") as approved under OMFP no. 2.844/2016, and Romanian energy sector is regulated by the Romanian Energy Regulatory Authority ("ANRE").

In order to meet the financial statements presentation requirements, we point out the following:

- *IFRS 8.32. - Information about products and services.* As stated in *Note 1 Reporting Entity*, the core business of the Group in the electricity and heat generation by means of nuclear methods.
- *IFRS 8.33. - Information about geographic segmentation:*
 - a) *Amount of revenue obtained from sale of electricity in the territory of Romania and abroad.* The revenue obtained from the sale of electricity to customers established in the territory of Romania account for approximately 85.5%; the difference is represented by customers established in the Republic of Slovenia, Denmark, the United Kingdom of Great Britain and Northern Ireland and the Czech Republic.
 - b) *Amount of non-current assets located in Romania and abroad.* All non-current assets of the Group are located in the territory of Romania.
- *IFRS 8.34. - Information about main customers.* The transactions with main customers are presented in both *Note 11 Trade and other receivables* and *Note 29(b) Management of significant risks. Credit risk.* where the Group's exposure to the concentrated credit risk was tackled.

v) Corporate tax

The corporate tax of the year includes the current tax and the deferred tax.

The corporate tax is recognized in profit or loss and in other comprehensive income where the tax relates to capital items.

The current tax is the tax payable related to the profit made in the current period, as determined based on the percentages applied at the date of the statement of the financial position and all adjustments related to previous periods.

Deferred tax is determined for those temporary differences that occur between the taxable amount for assets and liabilities and their carrying amount used for reporting in the financial statements.

Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets and liabilities from transactions that are not business combinations and that do not affect either the accounting or the tax profit and differences from investments in subsidiaries, provided that these are not restated in the near future. Deferred tax is calculated based on the tax rates that are expected to be applicable to temporary differences at their restatement, based on the legislation in force on the reporting date or issued on the reporting date and that come into force at a later date.

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for.)***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)****v) Corporate tax (continuation)**

Deferred tax assets and liabilities are only offset when there is a legal right to offset current tax assets and liabilities and these relate to the tax collected by the same tax authority for the same entity subject to taxation or for different tax authorities, but they want to settle the current tax assets and liabilities using a net basis or the related assets and liabilities will be realized simultaneously.

The deferred tax asset is recognized only to the extent that it is likely that future profits are made that can be used to cover for the loss for tax purposes. The asset is reviewed at the end of each financial year and is reduced to the extent that the related tax benefit is unlikely to be realized.

For the period ended on 31 December 2022 and 31 December 2021, the corporate tax rate was 16%.

w) Dividends to be distributed

Dividends are treated as a profit distribution during the period when these were declared and approved by the General Meeting of Shareholders. Dividends are recognized as liability during the period during when their distribution is approved.

x) Earnings per share

Earnings per share are calculated by dividing profit or loss attributable to the Group's ordinary equity holders by the weighted average number of ordinary shares outstanding during the period. The weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares bought back or issued during the period multiplied by a time-weighting factor.

Dilution is a reduction in earnings per share or an increase in loss per share resulting from the assumption that convertible instruments are converted, that options or warrants are exercised, or that ordinary shares are issued upon the satisfaction of specified conditions. The objective of diluted earnings per share is consistent with that of basic earnings per share, i.e., to provide a measure of the interest of each ordinary share in the performance of an entity.

y) Subsequent events

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue.

Subsequent events providing additional information on the Group's position at the end of the reporting period (events requiring adjustments) are reflected in the financial statements.

Events after the reporting period that do not require adjustments are highlighted in the notes, when they are considered material.

z) Related parties

Different entities or persons are considered to be in special relations with the Group also where one of the parties, either by ownership or based on contractual rights, family relationships or other similar situations, can directly or indirectly control the other party, or can exert a significant influence on its financial or operational decision-making. The related party transactions are a transfer of resources or obligations between related parties, regardless of whether a price is involved.

Considering the status of a company with majority State capital, the Group is subject to specific regulations, and has obligations to report on its transactions with related parties. The Group discloses its transactions with related parties in the financial statements in accordance with IAS 24 "Related Party Disclosures" (see Note 28).

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for.)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

aa) Implications of the new International Financial Reporting Standards (IFRS)

During the year, the Company applied all the new standards and amendments to the International Financial Reporting Standards (IFRS), which are relevant for its operations and are in force for the accounting periods starting on 1 January 2022, as approved by the European Union.

A. Initial application of the new amendments to the existing standards in force for the current reporting period

The following amendments to the existing standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are in effect for the current reporting period:

- (i) **Amendments to IAS 16 "Tangible Non-current Assets"** - Receipts before the expected use adopted by the EU on 28 June 2021 (applicable for annual periods beginning on or after 1 January 2022). This amendment prohibits an entity from deducting from the cost of a tangible non-current asset any receipt before the asset is prepared for its intended use. It further clarifies that an entity tests whether an asset is working properly when it assesses its technical and physical performance. The physical performance of the asset is not covered by the amendment. Entities must present separately the amounts of receipts and costs related to the items produced that do not qualify as regular business of the company.
- (ii) **Amendments to IFRS 3 "Business Combinations"** - Definition of the conceptual framework with amendments to IFRS 3 adopted by the EU on 28 June 2021 (applicable for annual periods beginning on or after 1 January 2022). Minor changes were made to IFRS 3 as regards definition of the conceptual framework for Financial Reporting and to add an exception from recognition of liabilities and contingent liabilities under the scope of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and IFRIC 21 "Levies". These amendments confirm that contingent assets should not be recognized at their acquisition date.
- (iii) **Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"** - Onerous Contracts - Cost of Fulfilling a Contract, adopted by the EU on 28 June 2021 (applicable for annual periods starting on or after 1 January 2022). The amendment clarifies that the structure of direct costs concerning completion of a contract includes both the incremental costs and an allocated part of other direct costs attributable to completion of the contract. Also, before recognizing a separate provision for an onerous contract, the entity recognizes any impairment loss that occurred on the assets used to fulfil the contract.
- (iv) **Amendments to various standards due to "IFRS Improvements (2018-2020 cycle)"** resulting from the annual IFRS improvement project (IFRS 1, IFRS 9, IFRS 16 and IAS 41) with the main purpose of addressing inconsistencies and clarifying certain wording - adopted by the EU on 28 June 2021 (amendments to IFRS 1, IFRS 9 and IAS 41 are applicable for annual periods starting on or after 1 January 2022. The amendment to IFRS 16 refers only to an illustrative example, so no effective date is mentioned).

Adoption of these amendments to the existing standards did not lead to significant changes in the financial statements of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

aa) Implications of the new International Financial Reporting Standards (IFRS) (continuation)

B. Standards and amendments to the existing standards issued by IASB and adopted by the EU, but which have not yet taken effect

On the approval date of these financial statements, the following amendments to the existing standards were issued by IASB and adopted by the EU, but have not yet taken effect:

- (i) **Amendments to IAS 1 "Presentation of Financial Statements"** - Classification of liabilities in current and long-term categories, thus offering a more general approach based on the contractual commitments in force on the reporting date. The amendments were initially effective for annual reporting periods beginning on or after 1 January 2022; however, the effective date was postponed to 1 January 2023.
- (ii) **Presentation of accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2); effective date: annual reporting periods beginning on or after 1 January 2023.** The amendments require an entity to present significant accounting policies, instead of its significant accounting policies. Subsequent amendments explain how an entity can identify a significant accounting policy. Examples of cases where an accounting policy is likely to be material are added. To support the amendment, the Board has also prepared guidance and examples to explain and demonstrate application of the "four-step significance process" described in the IFRS Practice Statement 2.
- (iii) **Definition of accounting estimates (amendments to IAS 8 "Accounting policies, changes in accounting estimates and errors"); effective date: annual reporting periods beginning on or after 1 January 2023.** The amendments clarify how entities must distinguish between changes in accounting policies and changes in accounting estimates. The distinction is important because changes in accounting estimates are applied prospectively to future transactions and other future events, while changes in accounting policies are generally applied retroactively to past transactions and other past items, as well as to the current period.
- (iv) **Deferred tax related to assets and liabilities arising from one single transaction (amendments to IAS12); effective date: annual reporting periods beginning on or after 1 January 2023.** The amendments clarify that the initial recognition exemption does not apply to transactions where equal amounts of deductible and taxable temporary differences occur at initial recognition. The amendment should be applied only to transactions that take place at or after the beginning of the comparative period presented. In addition, entities should recognize deferred tax assets and deferred tax liabilities at the beginning of the comparative period for all deductible and taxable temporary differences associated with: assets representing rights to use underlying assets under financial leases, and liabilities related to lease, decommissioning and restoration contracts and similar liabilities. The cumulative effect of recognizing of these adjustments booked as retained earnings, or other corresponding capital items. IAS 12 did not previously address the accounting of the effects for tax purposes of financial leases, so different approaches are considered acceptable.
- (v) **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Asset sale or contribution between an investor and its related entities or joint ventures and subsequent amendments (the effective date was postponed for an indefinite time period, until the research project on the equity method is completed).
- (vi) **IFRS 17 "Insurance Contracts" which replaces IFRS 4; effective date: annual reporting periods commencing on or after 1 January 2023.** The subsequent amendments operated in December 2021 added a transition period that allows an entity to apply an optional classification in comparative periods to the initial application of IFRS 17. The classification option applies to all financial assets, including those not covered by the standard. Thus, it allows classification of those assets in the comparative period(s) according to the provisions of IFRS 9.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

aa) Implications of the new International Financial Reporting Standards (IFRS) (continuation)

C. New standards and amendments to existing standards issued by IASB, not adopted yet by the EU

On the approval date of these financial statements, the following new standards and amendments to existing standards have been issued by the IASB, but have not yet been adopted by the EU:

- (i) **Amendments to IAS 1 “Presentation of Financial Statements”** - Classification of Liabilities as Current or Non-Current (effective for annual periods beginning on or after 1 January 2023). The amendments provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. Amendments to IAS 1 issued by IASB on 15 July 2020 defer the effective date by one year to annual periods beginning on or after 1 January 2023.
- (ii) **Amendments to IAS 1 “Presentation of Financial Statements”** - Non-current Liabilities with Covenants (effective for annual periods beginning on or after 1 January 2024). Amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
- (iii) **Amendments to IFRS 16 “Leases”** - Lease Liability in a Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024). Amendments to IFRS 16 require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.
- (iv) **IFRS 14 “Regulatory Deferral Accounts”** (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard. This standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRS.
- (v) **Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded). The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

bb) Climate-related matters

Mitigation of climate change and energy supply security are two of the most important global challenges in 2022, which require a reconsideration of the world's energy systems. Implementation of nuclear energy in the energy, industry, construction and transport sectors can help reduce dependence on fossil fuels and provide flexibility services to render the renewable energy systems even more reliable.

Nuclear power plants do not release any greenhouse gas emissions while operating and during their life cycle, they produce approximately the same amount of carbon CO₂ equivalent emissions per unit of electricity as wind turbines and a third of the emissions per unit of electricity of the solar energy facilities.

The Group's financial statements reflect aspects related to climate change and sustainable development under the elements below: implementation of the investment strategy and of a sustainable financing strategy; the costs specifically incurred to respond to the environmental issues, based on the applicable laws and regulations; and the measurement methods applied for the Company's assets and liabilities.

The Group's investment projects contribute both to energy security and to the decarbonization process, and are source of clean energy, in accordance with the "Fit for 55" measures of the European Commission and the new Complementary Delegated Act that included nuclear energy under the scope of the EU Taxonomy on Sustainable Financing. Completion of the Company's investment projects will lead, after 2031, to ensuring about 33% of the consumption needs and an estimated 66% of the energy free of CO₂ emissions at the national level, as well as to avoiding the release into the atmosphere of approximately 20 million tons of CO₂ annually.

The Group has strategic investment projects of an estimated amount of EUR 12 billion in progress, including: Refurbishment of Unit 1; the Project of Units 3 and 4; development of small modular reactors in partnership with NuScale; and implementation of support projects for current operation, such as the Tritium Removal Plant. The Group's investment projects will bring clean CO₂-free energy to Romania's energy stability, social and economic development, development of the nuclear industry and training of a new generation of specialists.

As to the legislative regulations, on 10 December 2021, the European Union adopted the Delegated Act supplementing Article 8 of the Regulation (EU) 2020/852 of 18 June 2020 *on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088*, which aims to classify economic activities depending on their contribution to attainment of the environmental targets. This "Taxonomy Regulation" is part of the European strategy advancing a sustainable financing that helps attain carbon neutrality by 2050, in particular by encouraging capital inflows in sustainable investments. The Regulation applies as of 31 December 2021 and requires groups subject to non-financial reporting obligations, such as the SNN Group, to publish three indicators: turnover, capital expenditure and operating expenditure related to the eligible European taxonomy, and then aligned with the business activities taxonomy. The regulations applicable on 31 December 2021 did not specifically cover either the nuclear energy activities, the core business of the Group, or activities related to gas.

As at 2 February 2022, the European Commission approved a complementary delegated act on climate, which includes, under strict conditions, activities specific to nuclear and gas energy in the list of economic activities covered by the EU taxonomy. The draft was formally adopted on 9 March 2022, when the versions were made available in all official EU languages. The Complementary Delegated Act (EU) 2022/1214 was published in the Official Journal on 15 July 2022. It is due to apply as of 1 January 2023.

The results of the Task Force set up to determine these three indicators are presented in the Group's report on its non-financial activities, i.e., under the heading "Climate Change - Role of SNN in the industry" of the 2022 Sustainability Report.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)**bb) Climate-related matters****Measurement of assets and liabilities****(i) Provisions for contingent liabilities and losses embedding environmental matters**

The provisions for bad debts and unforeseen losses that embed aspects related to the environment are: provisions for management of radioactive and non-radioactive waste, and for the management of spent fuel (DICA provisions). For details, see Note 18.

In years 2021-2022, no contingent liabilities related to environmental disputes were booked.

(ii) Assessment measurement

The climate aspects are considered in the measurement of long-term assets through impairment testing. At the end of each reporting period, in order to comply with the provisions of IAS 36, the Company assesses whether there is any indication that an asset is significantly impaired. The impairment testing and recognition of the impairment adjustments are carried out in accordance with the provisions of paragraph j) of Note 3.

The impairment testing was performed as follows:

- The Group measures any impairment of long-term assets by comparing its net carrying amount against its recoverable amount;
- The recoverable amount is determined as the maximum of the net sale price of an asset and its value in use. The value in use is defined as the present value of the future financial flows that the asset will generate during its useful life, without however disregarding the financial flow brought by the sale of the asset at the end of this life;
- The value in use is calculated based on projected cash-flows over a period of 10 years, according to the financial models approved by the Group's management;
- The forward prices used in impairment testing are the market prices observed at the end of the period; as at 2024, forecasts produced by an independent supplier (ICIS base case) will be used. For 2023, the projected price is based on a price mix in accordance with the contracts already signed and with the best estimates of the remaining uncontracted electricity;
- The long-term scenarios used for the electricity sale prices are in line with the European path related to the set decarbonization targets, in particular those under the Paris Agreement on climate change, adopted on 12 December 2015 and entered into force on 4 November 2016;
- The macroeconomic assumptions used are based on publicly-available external sources. The inflation rate and exchange rates taken into account are based on the forecasts issued by the National Strategy and Prognosis Committee.

These calculations can be influenced by a number of variables, such as: changes in the electricity market prices; changes in the effective regulations; changes in demand and Group's market shares; the depreciation rate of the customer portfolio; the useful life of the facilities, etc.

The sensitivity analyses on different dimensions and assumptions did not return any impairment risk.

4. ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGMENTS

The Group makes estimates and assumptions that affect the value of the reported assets and liabilities. Estimates and judgments are continually assessed and are based on past experience and other factors, including expectations of future events that are deemed reasonable under the given circumstances.

The management discussed about development, selection, presentation and application of the critical accounting policies and estimates. These disclosures supplement the comments on financial risk management (see Note 29).

The significant accounting judgments for application of the Group's accounting policies include:

Key sources of estimate uncertainty

(i) Adjustments for impairment of assets measured at amortized cost

Assets booked at amortized cost are measured for impairment according to the accounting policy described in *Note 3*

(g) Identification and measurement of write-downs.

Receivables are measured for impairment individually and this measurement relies on the best management of the present value of the cash flows expected to be received. In order to estimate these flows, the management makes certain estimates regarding as to the counterparty's financial standing. Each asset is analysed individually. The accuracy of the adjustments depends on the future cash flow estimate for specific counterparties.

(ii) Fair value determination for financial instruments

The fair value of financial instruments that are not traded on an active market is determined using the measurement techniques described in the accounting policy of *Note 3(g) Measurement*. For rarely traded financial instruments that do not enjoy price transparency, the fair value is less objective and is determined using different levels of estimates of the liquidity, concentration, uncertainty of market factors, price assumptions and other risks that affects the said financial instrument.

(iii) Fair value hierarchy

Assets and liabilities are measured and presented at fair value in the financial statements, according to the fair value hierarchy under IFRS 13, which requires classification of the measurement methods in the following measurement levels:

The Group uses the following hierarchy of methods to determine the fair value:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (e.g., prices, quoted prices in markets that are not active), or indirectly (e.g. price derivatives)

Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs). This category includes all instruments for which the measurement technique includes elements that are not based on observable data and for which unobservable input parameters can have a significant effect on the instrument's measurement. This category includes instruments that are measured based on quoted prices for similar instruments, but for which adjustments based largely on unobservable data or estimates are required to reflect the difference between the two instruments.

The Group determines the fair value using mainly active market quotations.

Fair value is the amount for which the financial instrument could be exchanged in regular arm's length transactions between interested and knowledgeable, other than those determined by liquidation or forced sale. Fair values are obtained from quoted market prices or cash flow models, as applicable. As at 31 December 2022 and 31 December 2021, the management consider that the fair values of cash and cash equivalents, trade and other receivables, trade payables, as well as other short-term liabilities approximate their carrying amount.

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for.)***4. ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGMENTS (CONTINUATION)***(iii) Fair value hierarchy (continuation)*

Considering the company's sector, added to the specific nature of the investments that are subject to financing and the structure of the collaterals, that include a government guarantee, as well as due to the floating nature of the interest rate, the Group's management estimate that the fair value of loans is approximately equal to their carrying amount. The carrying amount of loans is the amortized cost. Based on these considerations, the loans were classified at Level 2.

The table below looks into the financial instruments booked at fair value, depending on the measurement method applied:

	Carrying amount	Fair value	Level
31 December 2022 (audited)			
Financial assets			
Financial assets measured at amortized cost	35,567,692	35,567,692	2
Trade receivables	438,540,316	438,540,316	2
Other financial assets measured at amortized cost	142,158,865	142,158,865	2
Cash and cash equivalents	2,707,724,133	2,707,724,133	2
Bank deposits	1,829,796,500	1,829,796,500	2
	5,153,787,506	5,153,787,506	
	Carrying amount	Fair value	Level
31 December 2022 (audited)			
Long-term financial liabilities			
Long-term loans	64,810,940	64,810,940	2
Liabilities under long-term financial leasing agreements	12,831,121	12,831,121	2
Deferred income	63,611,498	63,611,498	2
	141,253,559	141,253,559	
Short-term financial liabilities			
Trade and other payables	448,160,020	448,160,020	2
Liabilities under short-term financial leasing agreements	2,734,403	2,734,403	2
Current part of the long-term loans	65,525,433	65,525,433	2
Deferred income	157,087,526	157,087,526	2
	673,507,382	673,507,382	

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for.)***4. ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGMENTS (CONTINUATION)**

	Carrying amount	Fair value	Level
31 December 2021 (audited)			
Financial assets			
Financial assets measured at amortized cost	35,496,297	35,496,297	2
Trade receivables	220,486,125	220,486,125	2
Other financial assets measured at amortized cost	85,068,328	85,068,328	2
Cash and cash equivalents	1,343,172,157	1,343,172,157	2
Bank deposits	1,328,973,000	1,328,973,000	2
	3,013,195,907	3,013,195,907	
31 December 2021 (audited)			
Long-term financial liabilities			
Long-term loans	130,135,030	130,135,030	2
Liabilities under long-term financial leasing agreements	910,586	910,586	2
Deferred income	72,037,242	72,037,242	2
	203,082,858	203,082,858	
Short-term financial liabilities			
Trade and other payables	286,476,663	286,476,663	2
Liabilities under short-term financial leasing agreements	264,025	264,025	2
Current part of the long-term loans	168,126,539	168,126,539	2
Deferred income	89,647,495	89,647,495	2
	544,514,722	544,514,722	

(iv) Classification of financial assets and liabilities

The accounting policies of the Group provide the basis for the initial classification of assets and liabilities in different accounting categories.

Re-measurement of tangible non-current assets

Tangible non-current assets, consisting of land and buildings, are subject to revaluation, and the in fair value are recognized in other comprehensive income.

(v) Fair value measurement

As at 31 December 2022, the tangible non-current assets of the Company were valued by an external independent valued, authorized by the National Association of Romanian Authorized Valuers ("ANEVAR"). The revaluations of land and buildings on 31 December 2022 were carried out based on the following methods, in compliance with the principles and valuation techniques included in the ANEVAR Property Valuation Standards:

- The benchmarking method for land owned exclusively;
- The residual method for land owned under undivided share;
- Income method for the two administrative buildings;
- Replacement cost method for special structures and other assets.

(vi) Fair value hierarchy

Based on the input data used in the valuation technique, the fair value of tangible non-current assets was classified at Level 3 of the fair value hierarchy.

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for.)

4. ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGMENTS (CONTINUATION)

(vii) Impact and implications of the Ukraine conflict

The geopolitical situation in the Eastern Europe deteriorated after 24 February 2022, with the invasion of Ukraine by Russia, but the war in Ukraine did not have a significant direct or indirect impact on the pursuit of the Company's business. The operation, production and development of investment projects, and the current activities are carried out normally.

The war in Ukraine, beyond the human drama, proved the importance of a balanced energy mix in the EU and a resilient energy system when faced with extreme events. It is also a major alarm signal in terms of energy policy at the EU level, fair inclusion of energy sources with a role in decarbonization to ensure the long-term stability and accessibility of energy, without risking the energy security of the EU and the Member States. The cooperation between States to identify viable and specific solutions is an extremely important next step.

In this context, nuclear energy becomes even more important in the European energy mix and in reducing energy dependence. Nuclear energy responds to the 3 current challenges: energy security, attainment of the decarbonization targets, and maintaining an affordable cost for consumers.

The Company plays an important part at the national level, in terms of both the energy stability of the country and reaching the decarbonization targets.

Having reviewed the impact on the Company, we conclude that this has no direct no direct exposure related to Russia or Ukraine, does not hold any direct or indirect investments in companies of these countries, as this year's supply chains for raw materials were established with companies of Kazakhstan and Romania. Furthermore, the Company has no exposure to business, companies or banks which are currently affected by the international sanctions.

The indirect impact on the financial statements is harmonized with the overall and regional effects of the Ukraine conflict; electricity sale prices, national policies for mitigating the effects of the Ukraine war and the evolution of the consumer price index are the most notable influences resulting from such conflictual situation.

Other general matters concerning the Company's activity in the war context

a) Impairment of financial instruments and other financial risks

The Company constantly monitors the developments in the credit risk and makes adjustments for impairment on the financial assets based on the history of depreciation of this risk, in accordance with the provisions of IFRS 9. According to the risk analyses carried out in the Company, no degradations of the implemented indices were identified compared to the values obtained on 31 December 2021. Also, the Company does not hold financial assets or liabilities affected by the international restrictions/sanctions related to the two states involved in the conflict. No exposures of the Company to liquidity risk or market risk (in particular currency exchange risk) were identified as generated by the transactions with companies from the two states.

b) Impairment of non-financial assets

Considering that the Company does not own or operate any assets located in the territory of Ukraine or Russia, no risks of physical damage, restricted access or impairment indices of the recoverable amount have been identified.

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for.)***4. ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGMENTS (CONTINUATION)***(vii) Impact and implications of the Ukraine conflict (continuation)***c) Loss of control or joint control or of the ability to exercise a significant influence**

The companies falling under the consolidation scope of S.N. Nuclearelectrica SA are Romanian companies which carry out their activity only in the territory of Romania and are owned 100%, except for the related entity Ropower Nuclear SA, which is owned 50%. Therefore, as at 31 December 2022, neither any circumstances liable to significantly limit or even lose the ability of the mother Company to exercise its rights, nor any provisions concerning the governance of these subsidiaries and/or the related entities have been identified.

d) Other assets, liabilities, revenue and expenditure

In addition to the information found in the previous paragraphs, the conflict in Ukraine did not require any other specific exercise of judgments, estimates or assumptions to determine the value of the assets or liabilities, income and expenditure of the period (compared to those disclosed in Note 2f) of the Accounting Policies).

The direct or indirect impact of the war in Ukraine on the Company's business cannot be quantified value-wise, given that the current developments in inflation and the forecasted developments thereof for the upcoming periods are the result of factors that are difficult to predict. From the point of view of qualitative analysis, the Company monitors the macroeconomic developments and continuously assesses the factors of uncertainty and the potential financial impact of the conflict in Ukraine, in order to identify the measures required to be implemented, and advise the investors accordingly.

The Company has in place and applies specific and efficient cyber risk management policies. The Ukraine war had no impact upon the Company's going concern. The conflict's Effects on the financial standing, financial performance and cash flows of the Company appear not significant. Similarly to the results of the previous year, the Company obtained very good financial results, complying with and achieving its investment, production programs and performance ratios.

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for.)

5. TANGIBLE NON-CURRENT ASSETS

	Lands	Nuclear plants	Plant, machinery and other assets	Non-current assets in progress	Total
Cost					
Balance as at 1 January 2021 (audited)	32,124,981	5,388,449,243	1,445,669,648	1,218,862,614	8,085,106,486
Inflows	-	-	14,263,669	263,482,135	277,745,804
Heavy water-related inflows	-	10,924,629	-	-	10,924,629
Transfers	-	119,682,584	56,015,488	(175,698,072)	-
Transfers into inventories	-	-	(471,772)	-	(471,772)
Transfer of inventories	-	-	-	(6,064,409)	(6,064,409)
Transfer from reclassified spare parts	-	-	16,804,893	(16,804,893)	-
Transfer from intangible non-current assets	-	-	-	(3,142,607)	(3,142,607)
Transfer from intangible non-current assets	-	-	4,769,053	-	4,769,053
Increases from revaluation through reserves	4,320,651	278,682,405	52,233,330	-	335,236,386
Increases from revaluation through profit and loss	529,415	-	3,652,921	-	4,182,336
Re-enactments	-	-	458,288	-	458,288
Derecognition of inspections	-	(72,856,959)	-	-	(72,856,959)
Derecognition of heavy water	-	(1,181,401)	-	-	(1,181,401)
Annulment of accumulated depreciation	-	(1,078,392,507)	(55,538,572)	-	(1,133,931,079)
Outflows	-	-	(6,169,702)	(199)	(6,169,901)
Balance as at 31 December 2021 (audited)	36,975,047	4,645,307,994	1,531,687,244	1,280,634,569	7,494,604,854
Balance as at 1 January 2022 (audited)	36,975,047	4,645,307,994	1,531,687,244	1,280,634,569	7,494,604,854
Inflows	-	-	23,988,136	499,337,616	523,325,752
Heavy water-related inflows	-	27,816,605	-	-	27,816,605
Transfers	-	71,116,529	80,209,850	(151,326,379)	-
Transfers into inventories	-	-	-	(40,632,444)	(40,632,444)
Transfer of inventories	-	-	-	-	-
Transfer from reclassified spare parts	-	-	27,324,482	(15,598,170)	11,726,312
Transfer from intangible non-current assets	-	-	-	-	-
Transfer from intangible non-current assets	-	-	-	-	-
Re-enactments	-	-	-	-	-
Derecognition of inspections	-	(132,769,584)	-	-	(132,769,584)
Derecognition of heavy water	-	(1,217,175)	-	-	(1,217,175)
Annulment of accumulated depreciation	-	-	-	-	-
Outflows	-	(487,267)	(18,191,613)	(77,363)	(18,756,243)
Balance as at 31 December 2022 (audited)	36,975,047	4,609,767,102	1,645,018,099	1,572,337,829	7,864,098,077
Depreciation and impairment adjustments					
Balance as at 1 January 2021 (audited)	550,782	1,057,248,682	931,568,583	155,243,437	2,144,611,484
Depreciation expense	-	474,198,668	71,568,525	-	545,767,193
Accumulated depreciation of derecognized inspections	-	(71,010,274)	-	-	(71,010,274)
Accumulated depreciation of outflows	-	(1,181,401)	(5,023,907)	-	(6,205,308)
Annulment of accumulated depreciation	-	(1,078,392,507)	(55,538,572)	-	(1,133,931,079)
Impairment adjustments	-	-	9,782,221	3,400,425	13,182,646
Balance as at 31 December 2021 (audited)	550,782	380,863,168	952,356,851	158,643,862	1,492,414,663
Balance as at 1 January 2022 (audited)	550,782	380,863,168	952,356,851	158,643,862	1,492,414,663
Depreciation expense	-	507,383,343	80,333,226	-	587,716,569
Accumulated depreciation of derecognized inspections	-	(119,247,275)	-	-	(119,247,275)
Accumulated depreciation of outflows	-	(1,454,046)	(14,850,928)	-	(16,304,974)
Impairment adjustments	-	-	8,912,944	(3,852,553)	5,060,391
Balance as at 31 December 2022 (audited)	550,782	767,545,190	1,026,752,093	154,791,309	1,949,639,374
Carrying amount					
Balance as at 1 January 2021 (audited)	31,574,199	4,331,200,561	514,101,064	1,063,619,177	5,940,495,002
Balance as at 31 December 2021 (audited)	36,424,265	4,264,444,826	579,330,393	1,121,990,707	6,002,190,191
Balance as at 31 December 2022 (audited)	36,424,265	3,842,221,912	618,266,006	1,417,546,520	5,914,458,703

NOTES 1 TO 32 ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

THIS A FREE TRANSLATION FROM THE ROMANIAN VERSION. IN CASE OF ANY DIFFERENCES BETWEEN THE ROMANIAN AND ENGLISH VERSION, THE ROMANIAN VERSION PREVAILS

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for.)

5. TANGIBLE NON-CURRENT ASSETS (CONTINUATION)

(i) *Nuclear plants, machinery and other assets*

In 2022, the mother Company purchased 11.9 tons of heavy water from the National Administration of the State Reserves and Special Problems (“ANRSPS”), needed for Units 1 and 2 amounting to RON 27,816,605, and in 2021 it purchased 5 tons of heavy water amounting to RON 10,924,629.

(ii) *Non-current assets in progress*

As at 31 December 2022 the net carrying amount of assets in progress, in amount of RON 1,417,546,520, included the following items:

- Investment relating to the increase in the production capacity with a net carrying amount of RON 644,585,615 (31 December 2021: RON 655,502,487);
- Investments related to units 1 and 2, in total amount of RON 772,960,905 (31 December 2021: RON 466,488,220), the most outstanding being:
 - ✓ Refurbishment of U1 in amount of RON 270,871,718 (31 December 2021: RON 135,689,797);
 - ✓ Detrition Facility for D2O in amount of RON 86,878,248 (31 December 2021: RON 75,821,481);
 - ✓ Improving the reliability of the electric generator in amount of RON 98,614,087 (31 December 2021: RON 0);
 - ✓ Building storage and loading premises for the nuclear fuel used (DICA) in amount of RON 32,853,382 (31 December 2021: RON 31,210,232);
 - ✓ Improving the nuclear security systems after Fukushima in amount of RON 38,924,333 (31 December 2021: RON 37,456,941);
 - ✓ Equipment and materials for investments in amount of RON 27,361,693 (31 December 2021: RON 48,092,603).

The gross investment value relating to the **increase in the production capacity** amounts to RON 646,277,871, of which the carrying amount of Units 3 and 4, amounts to RON 273,960,000 (31 December 2021: RON 273,960,000), the remaining amount representing the heavy water especially purchased for Units 3 and 4, respectively approximately 75 tons, with a carrying amount as at 31 December 2022 in amount of RON 159,253,825 (31 December 2021: 159,238,387), as well as equipment and other assets for Units 3 and 4 in amount of RON 213,064,046 (31 December 2021: RON 223,996,355). Prior to the year 1991, Units 1, 2, 3, 4 and 5 were considered as a single project and, consequently, the construction costs incurred were not allocated at the level of each unit. Subsequently, the Company performed the allocation of the construction costs for Units 3 and 4 of the nuclear plant, as well as for Unit 5.

As at 31 December 2022, the gross carrying amount of **Unit 5** amounted to RON 137 million (31 December 2021: RON 137 million). As at 31 December 2013 the Company recognized an impairment adjustment of 100% of the amount of Unit 5 since there were no plans to resume its construction as a nuclear unit. In March 2014, the Company’s shareholders approved the change in the destination and use of Unit 5 for other activities of the Company, which was a project in progress following which an asset would result with a different use compared to the initial use of Unit 5.

The main **investments commissioned** by the Group in 2022 from the projects in progress related to Units 1 and 2 were represented by: performance of the annual inspections during the scheduled shutdown of Unit 1 and the unscheduled shutdown of Unit 2, amounting to 63,688,488 RON; replacement of spare parts on equipment in operation, amounting to RON of 133,516,891; and increase in the carrying amount of DICA 12, 13 and 14 amounting to RON 21,361,160.

(ii) *Impairment adjustments*

As at 31 December 2022, the Group books adjustments for impairment of assets of RON 5,060,391 RON (31 December 2021: RON 13,182,646).

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for.)

5. TANGIBLE NON-CURRENT ASSETS (CONTINUATION)

(iii) *Revaluation, depreciation method and lifetime*

Buildings and lands are recognized at their fair value, based on periodical assessments carried out by external independent valuers. The revaluation surplus included in the revaluation reserve is capitalized by the transfer into the result carried forward, upon deregistration of the asset or to the extent of its use (see Note 14). All other tangible non-current assets are recognized at historical cost less amortization.

The last **revaluation** of lands and buildings was made on 31 December 2021 by the independent valuer (Primoval S.R.L., a member of the National Association of Authorized Romanian Valuers - ANEVAR). Prior to such revaluation, lands and buildings were revalued as at 31 December 2018.

The valuation report, related to the year 2021 for tangible non-current assets of **lands** and **buildings** classes, prepared by the independent valuer Primoval S.R.L. is based on the Asset Valuation Standards, edition of 2022, valid as at 31 December 2021, drafted by the National Association of Authorized Romanian Valuers (ANEVAR) :

- General standards: SEV 100 – General framework (IVS General framework) ; SEV 101 – Valuation reference terms (IVS 101); SEV 102 – Implementation (IVS 102); SEV 103 – Reporting (IVS 103); SEV 104 – Types of value;
- Asset standards: SEV 300 – Machinery, equipment and plants (IVS 300) ; GEV 630 – Valuation of immovable assets;
- Specific use standards: SEV 430 – Valuations for financial reporting.

The estimate of fair value was made in compliance with the IFRS provisions and of the above-mentioned valuation standards. For the valuation of the administrative buildings the income method was used, with a capitalization rate between 7% - 9%, depending on the specific nature of the building. For the valuation of units 1 and 2 the depreciated replacement cost method was applied. For the valuation of lands, they opted for using the market approach, the direct comparison method.

Depreciation is calculated using the straight-line method of cost allocation or of the revalued value of assets, net of their residual values, during the estimated useful lifetime, as follows:

Asset	Number of years
Nuclear plant - Units 1 and 2	30
Heavy water (loading for Units 1 and 2)	30
Buildings	45 – 50
Inspections and overhauls	2
Other plants, equipment and machinery	3 - 20

See Note 3 (c) for the other relevant accounting policies for tangible non-current assets.

(iv) *Significance of estimates – valuation of lands and buildings*

Information relating to the valuation of lands and buildings is presented in Note 4 (v).

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for.)***5. TANGIBLE NON-CURRENT ASSETS (CONTINUATION)**

- (v) *The carrying amount that would have been recognized had land and buildings been measured at cost, according to the provisions of IAS 16.77 (e)*

If lands and buildings had been valued at historical cost, amounts would have been:

	31 December 2022 (audited)	31 December 2021 (audited)
Lands		
Cost	22,350,779	22,350,779
Accumulated depreciation	-	-
Net carrying amount	22,350,779	22,350,779
	31 December 2022 (audited)	31 December 2021 (audited)
Buildings		
Cost	7,056,923,302	7,069,432,468
Accumulated depreciation	(4,523,041,183)	(4,036,137,494)
Net carrying amount	2,533,882,118	3,033,294,975

- (vi) *Decommissioning of nuclear units*

Unit 1 is designed to operate until 2026, and Unit 2 until 2037. Company did not account for any provision for decommissioning of those two units since it was not responsible for the decommissioning works. According to the Government Decision no. 1080/2007, Nuclear and Radioactive Waste Agency („NRWA”) is responsible for collecting the contributions paid by the Company during the remaining useful lifetime of units and accept any liability for the management of the decommissioning process at the end of the lifetime of those two units, as well as for the final storage of the nuclear waste at the end of the useful lifetime of those two units and for the permanent storage of the resulting residue (see Note 21). The expense with the Company’s contributions to NRWA in 2022 amounts to RON 100,535,482 (31 December 2021: RON 102,229,602).

- (vii) *Pledged assets*

As at 31 December 2022, respectively 31 December 2021, the Company had no pledged or mortgaged assets.

- (viii) *Supplier credit*

As at 31 December 2022 the Company owned fixed assets purchased with credit from suppliers (commercial credit) in amount of RON 46,893,963 (31 December 2021: RON 31,038,770).

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for.)***6. ASSETS REPRESENTING RIGHTS TO USE UNDERLYING ASSETS WITHIN A LEASING CONTRACT**

The Group adopted IFRS 16, and for this reason it recognized in the statement of financial position also assets and liabilities related to the restatement of lease agreements concluded in its capacity as lessee.

The Group concluded lease agreements for assets and liabilities and concession contracts for lands, for which it was estimated the initial value of the asset related to the right to use at a value equal to the debt discounted upon transaction, arising from such agreements, amounting to RON 16,031,241 (31 December 2021: RON 1,406,574).

(i) Amounts recognized in the Statement of financial position

Assets representing rights to use underlying assets within a leasing contract	31 December 2022 (audited)	31 December 2021 (audited)
Lands	1,422,211	1,406,574
Office spaces	14,609,030	-
Depreciation of assets representing rights to use	(465,410)	(226,181)
Total net assets representing rights to use	15,565,831	1,180,392
	31 December 2022	31 December 2021
	(audited)	(audited)
Liabilities under leasing agreements		
Short-term	2,734,403	264,025
Long-term	12,831,121	910,586
	15,565,524	1,174,611

(ii) Amounts recognized in the Statement of profit or loss account

	Note	31 December 2022 (audited)	31 December 2021 (audited)
Depreciation of assets representing rights to use		271,886	163,480
Interest expense	27	32,097	25,848

(iii) Amounts recognized in the Statement of cash flows

	31 December 2022 (audited)	31 December 2021 (audited)
Total cash outflows related to leasing agreements	337,356	224,795

(iv) Recognition of leasing agreements

Information relating to the recognition of leasing agreements according to IFRS 16 are presented in Note 3 (e).

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(All amounts are expressed in RON, unless otherwise expressly provided for.)

7. INTANGIBLE NON-CURRENT ASSETS

	Formation costs	Licenses and software	Software for the nuclear power plant and other intangible non-current assets	Total
Cost				
Balance as at 1 January 2021 (audited)	-	238,295,077	55,286,357	293,581,434
Inflows	257	6,518,096	-	6,518,353
Transfer into tangible non-current assets	-	(4,769,053)	-	(4,769,053)
Transfer from tangible non-current assets	-	3,142,607	-	3,142,607
Outflows	-	(741,573)	(1,029,938)	(1,771,511)
Balance as at 31 December 2021 (audited)	257	242,445,153	54,256,420	296,701,830
Balance as at 1 January 2022 (audited)	257	242,445,153	54,256,420	296,701,830
Inflows		11,439,871	3,626,905	15,066,776
Transfer into tangible non-current assets				
Transfer from tangible non-current assets				
Outflows		(126,663)	(380,168)	(506,831)
Balance as at 31 December 2022 (audited)	257	253,758,361	57,503,157	311,261,775
Accumulated depreciation				
Balance as at 1 January 2021 (audited)	-	199,386,367	40,723,865	240,110,232
Depreciation expense	10	6,755,224	3,201,166	9,956,400
Outflow depreciation	-	(741,573)	(1,029,938)	(1,771,511)
Balance as at 31 December 2021 (audited)	10	205,400,019	42,895,093	248,295,121
Balance as at 1 January 2022 (audited)	10	205,400,019	42,895,093	248,295,121
Depreciation expense	229	6,843,048	5,816,192	12,659,469
Outflow depreciation		(126,663)	(380,168)	(506,831)
Balance as at 31 December 2022 (audited)	239	212,116,404	48,331,117	260,447,759
Carrying amount				
Balance as at 31 December 2020 (audited)	-	38,908,710	14,562,492	53,471,202
Balance as at 31 December 2021 (audited)	247	37,045,135	11,361,327	48,406,709
Balance as at 31 December 2022 (audited)	18	41,641,958	9,172,040	50,814,016

As at 31 December 2022, the intangible non-current assets held by the Group are licenses and software products purchased, and not internally generated. The Group does not book contractual commitments for development costs.

The formation costs related to the subsidiaries established in 2022.

The accounting policies for intangible non-current assets are presented in Note 3 (f).

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*(All amounts are expressed in RON, unless otherwise expressly provided for.)***8. FINANCIAL ASSETS MEASURED AT AMORTIZED COST**

As at 31 December 2022, the Group accounted for in position “Financial assets measured at amortized cost” its contributions as member of the European Mutual Association for Nuclear Insurance (“ELINI”), of the Romanian Commodities Exchange (“BRM”), of the Romanian Atomic Forum - Romatom (“ROMATOM”) and of HENRO Association, and governmental bonds.

	31 December 2022	31 December 2021
	(audited)	(audited)
ELINI contribution	5,032,931	5,032,931
Romanian Commodities Exchange contribution	24,000	23,000
Romatom contribution	100	100
HENRO contribution	250,000	250,000
Government bonds (i)	30,260,661	30,190,266
Total	35,567,692	35,496,297

(i) Government bonds

As at 31 December 2022, respectively 31 December 2021 the Company held governmental bonds issued by the Ministry of Public Finance, with their due date on 24 June 2026, a fixed annual interest rate of 3.25% p.a. and a tendering return of 3.51% p.a.

Movement of financial assets representing governmental bonds:

	31 December 2022	31 December 2021
	(audited)	(audited)
Balance as at 1 January	29,680,203	-
Purchases	-	29,656,680
Maturity dates	-	-
Discount depreciation	70,929	23,523
Balance at the end of the reporting period	29,751,132	29,680,203
Accumulated interest	509,529	510,063
Government bonds - total	30,260,661	30,190,266

According to the issue prospectus, on 24 June 2022 the Company received the annual coupon in the amount of RON 975,000.

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for.)***9. FINANCIAL INVESTMENTS IN RELATED ENTITIES**

The list of investments in related entities as at 31 December 2022, as consolidated according to the equity method, is presented below. This entity has social capital formed exclusively of ordinary shares, which are held directly by the Group, and the participating interest is the same as the number of the voting rights held. Its country of registration and operation is Romania.

Investments in related entities	Place of business	31 December 2022		
		Participating interest %	Share of net assets	Share of profit/(loss) of the year Profit/ (Loss)
Ropower Nuclear S.A.	Romania	50	4,745,610	(197,390)
Total investments booked by the equity method			4,745,610	(197,390)

In September 2022 the project company Ropower Nuclear S.A. was established, owned in equal parts by the shareholders S.N. Nuclearelectrica S.A. and Nova Power&Gas S.R.L. Its registered office is located in Romania, Dâmbovița County, Doicești Locality, Strada Aleea Sinaia nr. 18, the Administrative Building, 1st floor, being registered with the Trade Register under number J15/1604/26.09.2022, Unique Registration Code 46901014, tax attribute RO. The main activity of the Company consists in the "Production of electricity" - NACE Code 3511.

As at 31 December 2022, the Group held 50% of the share capital of Ropower Nuclear S.A., the shareholding value amounting to **RON 4,943,000**.

Ropower Nuclear S.A. Company is established to develop, raise financing, design, build and operate a facility for production of electricity from nuclear energy based on the small modular reactors in Doicești, County of Dâmbovița, based on the NuScale technology, consisting of 6 NuScale modules of 77MWe each, totalling 462MWwe, as well as to operate a facility for production of electricity from solar energy, with a capacity of at least 80-100MWe, in the commune of Șotânga, County of Dâmbovița.

Material Judgments

According to the Investors' Agreement on the establishment of a special purpose vehicle for development of electricity generation facilities, the Group has representatives sitting in the Board of Directors of Ropower Nuclear SA, and one of the appointed persons acts as Chairman of the Board of Directors. Thus, the Group takes part in all significant financial and operational decisions of the entity. The Group determined that these aspects, combined with the 50% participating interest, exert a significant influence on the entity.

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for.)***10. INVENTORIES**

As at 31 December 2022 and 31 December 2021 inventories are as follows:

	31 December 2022	31 December 2021
	(audited)	(audited)
Spare parts	240.887.349	201,210,391
Other raw materials and materials	412.385.761	358,909,559
Total	653.273.110	560,119,950

(i) Valuation of inventories

Costs are valued at weighted average cost (WAC) according to IAS 2. See Note 3 (k) of the significant Accounting policies related to these Individual Financial Statements of the Company prepared as at and for the financial year ended on 31 December 2021 for the other relevant accounting policies for inventories.

(ii) Amounts recognized in the Income Statement

The value of the inventories expensed in the financial year ended on 31 December 2022 is shown under Cost of Spare Parts and Cost of Nuclear Fuel, in the Income Statement and other comprehensive income, and is RON 177,139,863 (31 December 2021: RON 171,929,082).

The value of Inventories recognized as an expense during the financial year ending as at 31 December 2022 in accordance with IAS 2.34, representing inventories scrapped, impaired, written off, is of RON 1,042,623 (31 December 2021: RON 334.530). The Company examines the evolution of inventories on a periodical basis, providing in time impairment adjustments for inventories deemed to be impaired. Therefore, for inventories scrapped the Company provided impairment adjustments, which it wrote back on revenue upon their writing off. The effect on the statement of profit or loss is insignificant.

The value of impairment adjustments for inventories as at 31 December 2022 amounted to RON 50,081,781 RON (31 December 2021: RON 51,816,674). In the year 2022, depreciation adjustments were set-up in the amount of RON 218,305 (31 December 2021: RON 1,248,616) and impairment adjustments were written back on revenue, in amount of RON 1,953,198 (31 December 2021: RON 1,266,562).

In the year 2022, there were no inventory outflows written back.

(iii) Pledged inventories

As at 31 December 2022 the Company has no pledged or mortgaged inventories.

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for.)***11. TRADE RECEIVABLES**

As at 31 December 2022 and 31 December 2021 trade receivables were presented as follows:

	<u>31 December 2022</u> <u>(audited)</u>	<u>31 December 2021</u> <u>(audited)</u>
Trade receivables	450,541,752	233,308,150
Impairment adjustments for trade receivables	(12,001,436)	(12,822,025)
Total	438,540,316	220,486,125

(i) Classification of trade receivables

Trade receivables are amounts owed by customers for goods sold or services provided in the normal pursuit of business. Generally, these are due for settlement within 30 days and, therefore, all classified as current. Trade receivables are initially recognized at the amount of the consideration, which is unconditional, save for when they have significant financing components, when they are recognized at fair value. The Group holds trade receivables with the aim of collecting the contractual cash flows and, therefore, subsequently measures them at amortized cost applying the effective interest method.

See Note 3 (k) for the other accounting policies relevant for trade receivables.

(ii) Fair value of trade receivables

Due to the short-term nature of current receivables, their carrying amount is considered to be the same as their fair value.

(iii) Impairment and risk exposure

Information about impairment of trade receivables and the Group's exposure to credit risk and currency risk can be found in Note 29.

(iv) Other information

As at 31 December 2022, the main trade receivables in the balance were toward: Distribuție Energie Electrica Romania S.A. – RON 52,166,030 (31 December 2021: RON 2,377,268), Enel Energie S.A. – RON 47,068,010 (31 December 2021: RON 19,137,596) Enel Energie Muntenia S.A. – RON 43,660,872 (31 December 2021: RON 14,846,219), Electrica Furnizare S.A. – RON 40,721,750 (31 December 2021: RON 40,923,394), S.P.E.E.H. Hidroelectrica S.A. – RON 39,042,000 (31 December 2021: RON 0)

Sales made during 2022 to Operatorul Pietei de Energie Electrica si de Gaze Naturale „OPCOM” S.A. represented approximately 21% (2021: 22%), Enel Energie S.A. represented approximately 11% (2021: 5%), Enel Energie Muntenia S.A. represented approximately 10% (2021: 5%), Electrica Furnizare S.A. represented approximately 8% (2021: 16%), and E.ON Energie Romania S.A. represented approximately 5% (2021: 7%).

As at 31 December 2022, the headings “Trade Receivables” and “Adjustments for Impairment of Trade Receivables” include a net amount of RON 165,070,788 related to receivables from related parties (31 December 2021: RON 9,031,438).

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for.)***12. OTHER FINANCIAL ASSETS MEASURED AT AMORTIZED COST**

	31 December 2022	31 December 2021
	(audited)	(audited)
Other receivables	120,489,154	33,660,668
Impairment adjustments for other receivables	(583,180)	(596,559)
Taxes and duties	1,257,980	31,478,586
Advance payments	20,994,911	20,525,633
Total	142,158,865	85,068,328

(i) Classification of financial assets measured at amortized cost

The Group classifies its financial assets at amortized cost only if both the criteria below are met:

- the asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual clauses give rise to cash flows that are only payments of principal and interest.

See Note 3 (g) for the other accounting policies relevant for financial assets.

(ii) Fair value of other assets measured at amortized cost

Due to the short-term nature of other receivables, their carrying amount is considered to be the same as their fair value.

(iii) Impairment and risk exposure

Information about impairment of trade receivables and the Group's exposure to credit risk and currency risk can be found in Note 28.

(iv) Other information

As at 31 December 2022, the heading "Other Receivables" and "Impairment Adjustments for Other Receivables" do not include any amount pertaining to related parties (31 December 2021: RON 0).

As at 31 December 2021, the heading "Pre-Payments" includes the amount of RON 429,334 related to payments made in advance to related parties (31 December 2021: RON 8,289,405).

As at 31 December 2022 the position of "Taxes and duties" represented recoverable VAT in amount of RON 1,257,980 RON (31 December 2021: RON 29,382,624).

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for.)***13. CASH AND CASH EQUIVALENTS, BANK DEPOSITS**As at 31 December 2022 and 31 December 2021 **cash and cash equivalents** were presented as follows:

	31 December 2022 (audited)	31 December 2021 (audited)
Cash in hand	86,040	79,356
Cash at bank in RON	286,009,526	220,420,871
Cash at bank in foreign currencies	25,109,873	2,526,265
Bank deposits less than 3 months	2,396,122,000	1,119,866,202
Other cash equivalents	396,694	279,463
Cash and cash equivalents - Total	2,707,724,133	1,343,172,157

As at 31 December 2022 and 31 December 2021 **bank deposits** having their original due date more than 3 months and less than one year were presented as follows:

	31 December 2022 (audited)	31 December 2021 (audited)
Bank deposits	1,829,796,500	1,328,973,000

(i) Reconciliation with the Statement of cash flows

The above items are reconciled with the amount of cash presented in the Statement of cash flows at the end of the financial year, as follows:

	31 December 2022 (audited)	31 December 2021 (audited)
Cash in hand	86,040	79,356
Cash at bank	311,119,399	222,947,136
Bank deposits having their original due date less than 3 months	2,396,122,000	1,119,866,202
Other cash equivalents	396,694	279,463
	2,707,724,133	1,343,172,157

(ii) Classification as cash equivalents

Term deposits are presented as cash equivalents if their due date is of 3 months or less from their set up. See Note 3 (m) for the other accounting policies of the Group concerning the cash and cash equivalents.

(iii) Restricted cash

Current accounts opened with banks are permanently at the disposal of the Group and are not restricted or encumbered.

Bank deposits are permanently at the disposal of the Group and are not restricted or encumbered.

As at 31 December 2022, the Group held bank guarantee letters under certain credit facilities, without any collateral deposits, in amount of RON 124,714,365 RON (31 December 2021: RON 91,453,350).

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for.)

14. EQUITY

Share capital

The mother Company was established further to a spin-off from the former self-governed administration Regie Autonoma de Electricitate (“RENE”). The share capital is the contribution of the Romanian State to the establishment of the mother Company on 30 June 1998 (restated with inflation until 31 December 2003), plus any subsequent increases thereof.

According to the Articles of Incorporation, the authorized share capital of the mother Company is RON 3,016,518,660. Subscribed and paid up share capital as at 31 December 2022 amounted to RON 3,016,438,940 RON, under the authorized capital.

As at 31 December 2022 and 31 December 2021, share capital included the effects of restatements registered also in the previous years according to the application of IAS 29 “Financial reporting in hyperinflationary economies”.

The share capital reconciliation is as follows:

	31 December 2022	31 December 2021
	(audited)	(audited)
Share capital subscribed and paid up (nominal value)	3,016,438,940	3,016,438,940
Restatement differences according to IAS 29	195,502,743	195,502,743
Share capital (restated value)	3,211,941,683	3,211,941,683

As at 31 December 2022, the statutory share capital value subscribed and paid up in full amounted to RON 3,016,438,940 RON, made up of 301,643,894 ordinary shares, each with a nominal value of RON 10.

The last increase in the share capital was made in the year 2020 by subscription of a number of 130,043 new shares, in amount of RON 1,300,430, representing the contribution in kind of the Romanian State, represented by the Ministry of Economy, Energy and Business Environment, and in cash representing the contribution of the Company’s shareholders. The increase in the share capital was made based on the Proportioned offer Prospectus related to the increase of the share capital, approved by Decision of AFS no. 976/13.08.2020 and by Decisions of the Extraordinary General Meeting of Shareholders no. 2/04.01.2019 and no. 12/19.12.2019, registered with the National Trade Register Office according to the Certificate of Amendments no. 484154/30.09.2020.

Holders of ordinary shares are entitled to receive dividends, as they are declared at certain timeframes, and the right to vote for one share within the General Meetings of Shareholders of the Company.

As at 31 December 2022 and 31 December 2021 shareholding structure was presented as follows:

Shareholders	Number of shares	% of the	Number of shares	% of the
	31 December 2022	share capital	31 December 2021	share capital
Romanian State - Ministry of Energy	248,850,476	82.4981%	248,850,476	82.4981%
Other shareholders	52,793,418	17.5019%	52,793,418	17.5019%
Total	301,643,894	100%	301,643,894	100%

Share premium

In November 2013, the Group issued 28,100,395 ordinary shares to Bucharest Stock Exchange, by an initial public offer and by the shareholder Fondul Proprietatea S.A. exercising the right of preference. The amount received of RON 312,478,099 was made up of the increase of the share capital in amount of RON 281,003,950 and an issue premium in amount of RON 31,474,149.

Reserves paid in advance

Reserve paid in advance amounted to RON 21,553,537 as at 31 December 2022 and 31 December 2021 and represented sites of public utility from Cernavodă NPP (RON 5,439,321 as at 31 December 2022 and 31 December 2021) and budget allowances related to the period 2007 - 2011 for building the Training and Recreation Center for Young People and Children in Cernavodă (RON 16,114,216) as at 31 December 2022 and 31 December 2021).

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for.)***14. EQUITY (CONTINUATION)*****Statutory Reserves***

According to legal requirements, the Group sets up legal reserves in amount of 5% of the gross profit statutorily registered up to the level of 20% of the share capital. The value of legal reserve as at 31 December 2022 amounted to RON 414,757,698 (31 December 2021: RON 255,132,853).

Legal reserves cannot be distributed to shareholders. The value of legal reserves was included in the financial position statement, under line "Result carried forward".

Revaluation reserves, net of deferred tax

As at 31 December 2022, the revaluation reserve amounts to RON 2,101,938,467 RON (31 December 2021: RON 2,101,938,467), net of deferred tax related to the revaluation reserve. The last revaluation of lands, buildings and constructions was made on 31 December 2021 by the independent valuer Primoval S.R.L., a member of the National Association of Authorized Romanian Valuers ("ANEVAR").

Retained earnings

Retained earnings represent the accumulated result of the Company. Retained earnings are distributed based on the annual financial statements prepared in compliance with the Order of the Minister of Public Finance no. 2.844/2016 for approval of Accounting Regulations compliant with the International Financial Reporting Standards.

In the financial year ended on 31 December 2022, the mother Company distributed dividends of RON 595,925,367 from the net profit of the 2021 financial year, according to OGMS Decision no. 5/28.04.2022 (2021: RON 472,117,575, distributed from the net profit of the 2020 financial year, according to OGMS Decision no. 5/26.04.2021). Net dividends unpaid as at 31 December 2022 amounted to RON 748,270 (31 December 2021: RON 848.118).

Movements in result carried forward

	Note	31 December 2022 (audited)	31 December 2021 (audited)
Balance as at 1 January		2,997,775,072	2,434,020,626
<i>Net profit of period</i>		2,762,039,511	1,036,038,559
Actuarial Gains/(Losses) related to the defined benefit plans		1,745,457	471,723
Retained earnings from other adjustments		-	(638,261)
Dividends		(595,925,367)	(472,117,575)
Balance as at 31 December		5,165,634,673	2,997,775,072

Dividends

In the financial year ended on 31 December 2022, the mother Company declared dividends of RON 595,925,367 (31 December 2021: RON 472,117,575), the subsidiary Energonuclear S.A. declared dividends of RON 60,935 (31 December 2021: RON 0 (zero)).

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022
(All amounts are expressed in RON, unless otherwise expressly provided for.)

15. EARNINGS PER SHARE

As at 31 December 2022 and 31 December 2021, earnings per share were:

<i>(i) Earnings based on share</i>		
	2022	2021
	(audited)	(audited)
Net profit of the financial year	2,762,039,511	1,036,038,559
Number of ordinary shares at the beginning of the financial year	301,643,894	301,643,894
Number of ordinary shares issued during the financial year	-	-
Weighted average number of ordinary shares as at 31 December	301,643,894	301,643,894
Earnings per share (RON/share)	9.16	3.43
<i>(ii) Diluted earnings per share</i>		
	2022	2021
	(audited)	(audited)
Net profit of the financial year	2,762,039,511	1,036,038,559
Number of ordinary shares at the beginning of the financial year	301,643,894	301,643,894
Number of shares issued during the period	-	-
Weighted average number of ordinary shares at the end of the financial year	301,643,894	301,643,894
Weighted average number of ordinary shares (diluted) as at 31 December	301,643,894	301,643,894
Diluted earnings per share (RON/share)	9.16	3.43

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for.)***16. LOANS**

The statement of loans taken out by the Group as at 31 December 2022, respectively 31 December 2021 was the following:

	31 December 2022 (audited)	< 1 year	> 1 year	31 December 2021 (audited)	< 1 year	> 1 year
Bank loans	130,116,620	65,305,680	64,810,940	298,191,838	168,056,808	130,135,030
Interest	219,753	219,753	-	69,731	69,731	-
Total	130,336,373	65,525,433	64,810,940	298,261,569	168,126,539	130,135,030

Bank loans

Loans repayments during the financial year ended as at 31 December 2022 were:

	Currency	Interest rate	Value	Final maturity year
Balance as at 1 January 2022 (audited)			298,191,838	
New drawdowns				
Repayments, of which			(173,284,441)	
Societe Generale – ANSALDO BC	EUR	EURIBOR 6M + 0.7%	(19,002,453)	2022
Societe Generale – AECL BC	CAD	CDOR 6M + 0.375%	(39,683,048)	2022
EURATOM	EUR	EURIBOR 6M + 0.08%	(114,598,940)	2024
Foreign exchange differences			1,921,904	
Commitment fees			3,287,319	
Balance as at 31 December 2022 (audited)			130,116,620	

(i) Long-term loansAs at 31 December 2022 and 31 December 2021 **long-term** loans from the credit institutions were presented as follows:

	31 December 2022 (audited)	31 December 2021 (audited)
Societe Generale - ANSALDO BC	-	19,022,060
Societe Generale - AECL BC	-	37,526,147
EURATOM	130,116,620	244,930,950
Total loans	130,116,620	301,479,156
Less: current part of the long-term loans	(65,305,680)	(171,344,126)
Total long-term loans net of the short-term portion	64,810,940	130,135,030

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for.)

16. LOANS (CONTINUATION)

Long-term loans are detailed as follows:

a) *Loan granted by Societe Generale – ANSALDO*

The loan was granted by Societe Generale to the Company in 2002. The initial amount of the loan obtained was EUR 115.3 million. The amount due as at 31 December 2022 is EUR 0 (zero) million (31 December 2021: EUR 3.8 million). Repayment is staged-out over a period of 16 years, in 30 instalments payable between December 2007 and June 2022. The loan carries a floating interest rate of EURIBOR 6M + 0.45% for the first 15 years and EURIBOR 6M + 0.7% for the remaining period. The loan is secured by the Romanian State through the Ministry of Finance.

b) *Loan granted by Societe Generale – AECL*

The loan was granted by Societe Generale to the Company in 2002. The initial amount of the loan obtained was CAD 327.8 million. The amount due as at 31 December 2022 is CAD 0 (zero) million (31 December 2021: CAD 10.92 million). Repayment is staged-out over a period of 16 years, in 30 instalments payable between December 2007 and June 2022. The loan carries a variable interest CDOR 6M + 0.375%. The loan is secured by the Romanian State through the Ministry of Finance.

c) *Loan granted by EURATOM*

The loan was granted by EURATOM to the Company in 2004. The initial amount of the loan obtained was EUR 223.5 million. The amount due as at 31 December 2022 is EUR 26.3 million (31 December 2021: EUR 49.5 million), related to the following instalments: (i) instalment I with a principal of EUR 0 (zero) million (31 December 2021: EUR 10 million); (ii) instalment II with a principal of EUR 18 million (31 December 2021: EUR 27 million) and (iii) instalment III with a principal of EUR 8.3 million (31 December 2021: EUR 12.5 million). Instalment I will be repaid in 20 instalments payable in years 2013-2022; instalment II will be repaid in 20 instalments payable in years 2015-2024, and instalment III will be repaid in 16 instalments payable in years 2017-2024. The loan carries a floating interest rate of EURIBOR 6M + 0.080% for the first two instalments and EURIBOR 6M + 0.079% for the 3rd instalment. The loan is secured by the Romanian State through the Ministry of Finance.

The loan agreement sets out certain financial clauses: (i) the debt service coverage ratio must be at least 1.5; (ii) the indebtedness must not exceed 2; (iii) the income booked by the Company must be sufficient to cover the operating and maintenance costs of Units 1 and 2, as well as for the interest payments in relation to Units 1 and 2.

The financial ratios need to be calculated based on the financial statements prepared in compliance with the International Financial Reporting Standards.

As at 31 December 2022 and 31 December 2021, the financial ratios requested by EURATOM are met. All loans were contracted to finance construction of Unit 2.

The Company has not entered into any hedging arrangement for its liabilities in foreign currency obligations or interest rate exposure. The fair value of long-term loans, which was estimated by discounting the future contractual cash flows using the current interest rate on the available market for similar financial instruments, does not differ significantly from the amounts above.

Collaterals

The loans from foreign banks contracted with Societe Generale (“SG”) and EURATOM are secured by the Romanian State through the Ministry of Public Finance. In addition, loans from SG are secured by external insurers (COFACE) and promissory notes are issued by the Company in favour of this creditor.

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(All amounts are expressed in RON, unless otherwise expressly provided for.)

16. LOANS (CONTINUATION)**(ii) Short-term loans**

As at 31 December 2022 and 31 December 2021 **short-term** loans were presented as follows:

	31 December 2022	31 December 2021
	(audited)	(audited)
Current part of the long-term loans	65,305,680	171,344,126
Long-term loans interest	219,753	69,731
Commitment fees and short-term insurance	-	(3,287,319)
Short-term loans - Total	65,525,433	168,126,539

17. TRADE AND OTHER PAYABLES

As at 31 December 2022 and 31 December 2021 suppliers and other liabilities are as follows:

	31 December 2022	31 December 2021
	(audited)	(audited)
Suppliers of non-current assets	46,893,963	31,038,770
Suppliers	110,823,353	92,480,910
Liabilities for employee debts	38,361,843	27,849,006
Liabilities to the state	240,143,523	107,091,244
Payable dividends	763,805	863,842
Other liabilities	11,173,533	27,152,891
Total	448,160,020	286,476,663

As at 31 December 2022, the main suppliers in the balance, from positions of “Suppliers of non-current assets” and “Suppliers”, were: Candu Energy Inc. – RON 26,956,168 (31 December 2021: RON 11,842,682), General Electric Global Services GMBH – RON 23,264,335 (31 December 2021: RON 2,255,783), Apele Romane Bucuresti – RON 12,302,495 (31 December 2021: RON 12744720), the National Company for the Transmission of Electricity “Transelectrica” S.A. - RON 5,610,805 (31 December 2021: RON 1,470,551).

As at 31 December 2022, “Trade Payables and other Liabilities” include the amount of RON 38,176,357 (31 December 2021: RON 33,664,656) related to liabilities to related parties, of which, under the headings "Suppliers" and "Suppliers of non-current assets", RON 30,113,114 (31 December 2021: RON 25,110,349) and under the heading “Liabilities to the State”, the amount of RON 8,063,243 (31 December 2021: 8,554,307 RON), representing the contribution to NRWA for decommissioning of the nuclear units and permanent storage of radioactive waste.

As at 31 December 2022, the heading “Liabilities to the State” includes mainly the liability related to the local taxes and duties set by the State authorities in 2023, of RON 73,261,115 (31 December 2021: RON 68,730,542) which, according to IFRIC 21 - Levies, it is recognized on 31 December. The taxes and duties fall due in the 2023 financial year.

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for.)***18. PROVISIONS FOR RISKS AND CHARGES**

As at 31 December 2022, respectively 31 December 2021, the Group recognized the following provisions, included under position of “Provisions for risks and charges” and under position of “Current part of provisions for risks and charges”:

	31 December 2022	31 December 2021
	(audited)	(audited)
Liabilities relating to the Intermediate Dry Storage Spent Fuel Facility (DICA)	70,294,835	70,278,140
Liabilities relating to other low and medium level radioactive and non-radioactive waste	64,737,442	115,383,486
Provision for litigations related to salary bonus	89,288,704	109,608,912
Employee participation in profit	27,000,000	20,000,000
Other provisions for risks and charges	224,307	93,610
Total	251,545,288	315,364,148

As at 31 December 2022, provisions in a total amount of RON 286,533,115 represented long and short-terms liabilities, as follows:

	Current part	Long-term part
	(< 1 year)	(> 1 year)
Liabilities relating to the Intermediate Dry Storage Spent Fuel Facility (DICA)	36,687,192	33,607,643
Liabilities relating to other low and medium level radioactive and non-radioactive waste	13,129,086	51,608,356
Provision for litigations related to salary bonus (i)	-	89,288,704
Employee participation in profit	27,000,000	-
Other provisions for risks and charges	224,307	-
Total	77,040,585	209,492,531

- (i) The item “Provision for disputes related to salary increases” represents the preliminary effect of the disputes initiated by trade unions against the Company, Cernavodă NPP Trade Union and Energetica Nucleara '90 Free Trade Union, regarding the allowance for nuclear risk, representing a pay supplement. According to Civil Decision no. 63/27.02.2023 pronounced by the Constanta Court of Appeal in file no. 7036/118/2017, having as its object unpaid salary rights, representing the value of the increase in professional risk, the appeal filed by the plaintiffs was rejected as unfounded. The solution is definitive. Thus, the Group registered the value of the provision established for this file as income, in the amount of 34,987,828 RON.

See Note 3 (r) for the provision-relevant accounting policies.

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*(All amounts are expressed in RON, unless otherwise expressly provided for.)***19. DEFERRED INCOME**

As at 31 December 2022 and 31 December 2021, deferred income is as follows:

	31 December 2022	31 December 2021
	(audited)	(audited)
Creditor customer	154,743,583	86,247,146
Grants of subsidy nature (i)	57,818,929	73,036,375
Governmental investment subsidies (ii)	5,918,917	-
Other deferred income	2,217,595	2,401,216
Total	220,699,024	161,684,737

(i) Grants of subsidy nature

As at 31 December 2022, the Company has grants coming from:

c) Subsidy amortized during the lifetime of Unit 1

The subsidies were granted in 2007 and consisted of writing off penalties and debts under loan agreements. The subsidies are recognized in the profit and loss statement as income for the period 2007 - 2026, over the period remaining to be depreciated for Unit 1. The value of the income from subsidies recognized in the Income Statement under "Other income" in 2022 amounts to RON 14,354,675 (2021: RON 14,354,155). The value of the subsidy at 31 December 2022 is in amount of RON 57,692,580 (31 December 2021: RON 72,037,242).

a) Grant agreement under the "Connecting Europe Facility" (CEF) - telecommunications sector, for the action "Cynergy - first ISAC for the Energy Sector in Romania", carried out through the European Health and Digital Executive Agency (HaDEA), in accordance with the rights delegated by the European Commission.

The action (Cynergy) aims to create a national information sharing and analysis center (ISAC) in the energy sector (electricity sub-sector) in Romania, which will serve the most prominent companies in this industry of the country, but taking into account a potential expansion to the South-Eastern Europe. The action will develop a robust and trusted sharing community that can easily provide useful knowledge and support to ISAC members when faced with cyber security threats.

The agreement is performed in the period 1 September 2021 – 30 August 2023. The maximum amount granted is EUR 445,024 and accounts for 75% of the eligible costs of the action. Before the date of these financial statements, the Company received the pre-financing of EUR 267,014. In 2022, project-related income or expenditure were booked in the amount of RON 872,785 (2021: RON 0 (zero)). The value of the subsidy at 31 December 2022 is in amount of RON 126,349 (31 December 2021: RON 99,133).

At the date of these financial statements, the Company does not report either any defaults of the conditions imposed for granting the subsidy, or any contingencies.

(ii) Governmental investment subsidies

The Company received from the US Trade and Development Agency (USTDA) a grant of USD 1.2 million in order to finance identification and assessment of a number of sites in Romania, including sites with existing coal-fired thermal plants that could be replaced by small modelling reactors. The study identified a number of potentially suitable sites, and eventually the site chosen for development of the first small modular reactor in Romania was that of Doicești, County of Dâmbovița.

The grants and governmental subsidies are recognized according to the provisions of IAS 20 "Accounting for government grants and disclosure of government assistance" (see Note 3(p)).

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for.)***20. CORPORATE INCOME TAX**

Corporate tax recognized in profit and loss statement:

	2022	2021
	(audited)	(audited)
Expense with current corporate tax	435,082,386	185,716,052
Net (income) from deferred tax	(6,832,608)	(17,873,134)
Total	428,249,778	167,842,918

Deferred tax assets and liabilities are measured on 31 December 2022 and 31 December 2021 at the standard tax rate of 16%, representing the currently adopted tax rate.

Reconciliation of the effective tax rate:

	2022	2021
	(audited)	(audited)
Profit before corporate tax	3,190,486,679	1,203,881,477
Tax in accordance with the statutory tax rate of 16% (2021: 16%)	510,477,869	192,621,036
Effect on corporate tax of:		
Legal reserve	(25,550,521)	(9,633,414)
Tax amortization	(668,487)	(783,992)
Non-taxable income	(23,230,519)	(9,220,097)
Non-deductible costs	28,088,230	28,470,634
Gain from revaluation reserves	16,995,371	10,808,054
Temporary differences	(6,832,608)	(17,873,134)
Tax loss of subsidiaries carried forward	532,545	(44)
Other effects for tax purposes	-	47,235
Sponsorship	(6,776,395)	(7,221,810)
Reinvested profit	(11,009,228)	(3,221,916)
Corporate tax reduction according to the Government Emergency Ordinance no. 153/2020	(53,776,478)	(16,149,634)
Expense with corporate tax	428,249,778	167,842,918

The deferred tax consists of:

31 December 2022	Assets	Liabilities	Net
(audited)			
Tangible non-current assets		141,888,769	141,888,769
Intangible non-current assets		1,045,028	1,045,028
Inventories	3,699,283		3,699,283
Trade receivables	(1,859,077)		(1,859,077)
Liabilities for employee benefits	(7,289,215)		(7,289,215)
Employee participation in profit	(4,320,000)		(4,320,000)
Provision for salary increases	(14,286,191)		(14,286,191)
Leaves not taken	(1,441,780)		(1,441,780)
Taxes and duties	(11,601,703)		(11,601,703)
Other provisions	(30,897)		(30,897)
Radioactive and non-radioactive waste	(10,357,991)		(10,357,991)
Net tax (asset)/liability	(47,487,571)	142,933,797	95,446,226

NOTES 1 TO 32 ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for.)***20. CORPORATE INCOME TAX (CONTINUATION)**

31 December 2021 (audited)	Assets	Liabilities	Net
Tangible non-current assets		162,161,766	162,161,766
Intangible non-current assets		1,250,695	1,250,695
Inventories	(651,876)		(651,876)
Trade receivables	(1,992,016)		(1,992,016)
Liabilities for employee benefits	(7,420,638)		(7,420,638)
Employee participation in profit	(3,200,000)		(3,200,000)
Provision for salary increases	(17,512,945)		(17,512,945)
Leaves not taken	(877,635)		(877,635)
Taxes and duties	(10,977,700)		(10,977,700)
Other provisions	(39,458)		(39,458)
Radioactive and non-radioactive waste	(18,461,358)		(18,461,358)
Net tax (asset)/liability	(61,133,626)	163,412,461	102,278,835

The table with the movements in the 2022 and 2021 deferred tax liabilities is as follows:

	Balance as at 31 December 2020 (audited)	Deferred tax recognized in profit and loss	Deferred tax recognized directly in other comprehensive income	Balance as at 31 December 2021 (audited)	Deferred tax recognized in profit and loss	Deferred tax recognized directly in other comprehensive income	Balance as at 31 December 2022 (audited)
Tangible non-current assets	120,113,342	(11,576,632)	53,637,822	162,161,766	(20,272,996)	10,928,240	141,888,769
Intangible non-current assets	1,362,970	(112,276)		1,250,695	(205,667)		1,045,028
Inventories	(881,818)	229,942		(651,876)	14,351,159		3,699,283
Trade receivables	(1,687,382)	(304,634)		(1,992,016)	132,939		(1,859,077)
Liabilities for employee benefits	(5,850,125)	(1,570,513)		(7,420,638)	131,424		(7,289,215)
Provision for salary increases	(15,553,480)	(1,959,465)		(17,512,945)	3,226,754		(14,286,191)
Employee participation in profit	(3,412,232)	212,232		(3,200,000)	(1,120,000)		(4,320,000)
Leaves not taken	(724,373)	(153,261)		(877,635)	(564,145)		(1,441,780)
Taxes and duties	(10,218,498)	(759,202)		(10,977,700)	(624,003)		(11,601,703)
Radioactive and non-radioactive waste	(16,621,492)	(1,839,866)		(18,461,358)	8,103,368		(10,357,991)
Other provisions	-	(39,458)		(39,458)	8,560		(30,897)
Net tax (asset)/liability	66,526,912	(17,873,132)	53,637,822	102,278,835	(6,832,607)	10,928,240	95,446,226

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for.)***21. LIABILITIES FOR EMPLOYEE BENEFITS**

	31 December 2022	31 December 2021
	(audited)	(audited)
Retirement benefits	25,011,151	21,173,561
Anniversary bonuses	11,878,616	12,491,451
Decease benefits	894,429	885,922
Retirement benefits in electricity	7,773,395	11,828,056
Total	45,557,591	46,378,990

As at 31 December 2022, the Company has the following obligations:

- to pay the retiring employees the retirement pension which varies between 2 and 3 base pays, depending on the number of years of service in the field of electricity, heat and nuclear energy;
- to pay the employees anniversary bonuses depending on the number of years of service in the field of electricity, heat and nuclear energy;
- to pay an aid to the employee's family, in case of their decease;
- to pay the retiring employees an energy benefit, representing the equivalent of the electricity quota of 1,200 KWh/year. The criterion for granting this benefit is 15 years of service in the energy field, of which at least the last 10 years with the Company. This benefit is granted starting from 1 April 2017.

The following **macroeconomic and Group-specific assumptions** were considered for application of IAS 19 "Employee Benefits" as at 31 December 2022 and 31 December 2021.

Measurement date	31 December 2022	31 December 2021
Number of employees	2,344	2,205
Salary increase rate	<p>The management of the Company estimated an increase in line with the annual increase rate of consumer prices communicated by the National Prognosis Committee for 2022-2026. The weighted average rate of salary increases is 5.7% p.a.</p> <p>The inflation rate was estimated based on the statistics issued by INSSE and the BRD forecast of August 2022, as follows: 13.9% in 2022, 7.5% in 2023, 4.9% in 2024, 3.0% in 2015 and 2.5% p.a. in years 2026-2031, and will follow a downward trend in the following years. The average weighted inflation rate is 3.7% p.a.</p>	<p>The management of the Company estimated an increase in line with the annual increase rate of consumer prices communicated by the National Prognosis Committee for the weighted average rate of salary increases is 2.8% p.a.</p> <p>The inflation rate was estimated based on the 2021-2025 Autumn Forecast issued by the National Strategy and Prognosis Committee, as follows: 4.7% in 2022, 3.4% in 2023, 2.7% in 2024 and 2.5% p.a. in years 2025-2031, and will follow a downward trend in the following years.</p>
Raise rate in kWh price	The kWh price as updated on 31 December 2022 was RON 1.2961. For years 2023-2030, the estimates provided by the Company and a similar trend for the following years were used. The weighted average rate of the kW price rise is 0.8% p.a.	The kWh price as updated on 31 December 2021 was RON 0.7567. For years 2022-2030, the estimates provided by the Company and a similar trend for the following years were used.
Weighted average discounting rate	7.8%	4.9%
Mortality tables	2018 Mortality Table of the Romanian population issued by the National Institute of Statistics.	2018 Mortality Table of the Romanian population issued by the National Institute of Statistics.
Gross average salary	10,895	9,337

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for.)***21. LIABILITIES FOR EMPLOYEE BENEFITS (CONTINUATION)**

The above assumptions were taken into considering:

- bond yields on the active market at the end of December 2022. The residual times to maturity available were 1-10 years and 13-14 years. For the other time periods, the discount rate was estimated using the Smith-Wilson extrapolation method;
- estimated long-term inflation rate of 2.0% p.a. (31 December 2021: 2.0%);
- estimated long-term real yield on governmental bonds of 1.45% p.a. (31 December 2021: 1.6%);
- liquidity premium for Romania of 0% (31 December 2021: 0%);
- weighted average discounting rate of 7.8% (31 December 2021: 4.9%).

Sensitivity analysis

The significant actuarial assumptions considered for calculation of the employee benefit liability are: discounting rate, salary increase and retirement age.

Assumptions	Retirement benefits	Aids for employee decease	Anniversary bonuses	Retirement benefits in electricity	Total liabilities with defined benefits
PVDBO as at 31 December 2022 (RON)	25,011,151	894,429	11,878,616	7,773,395	45,557,591
Discounting rate +1%	23,771,840	840,859	11,204,837	6,825,570	42,643,105
Discounting rate -1%	26,379,315	954,298	12,627,262	8,926,409	48,887,284
Salary increase rate/kW price +1%	26,501,421	963,695	12,739,570	9,016,634	49,221,320
Salary increase rate/kW price -1%	23,648,485	832,279	11,100,479	6,747,378	42,328,622
Increase in longevity by 1 year	25,117,367	812,688	11,917,866	7,960,759	45,808,679

In the sensitivity analysis above, the updated amount of the benefit liability was calculated using the projected unit credit method, according to the provisions of IAS 19, at the end of the reporting period, which is the same as that applied for calculation of the benefit liabilities recognized in the statement of the financial position.

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(All amounts are expressed in RON, unless otherwise expressly provided for.)

22. INCOME FROM THE SALE OF ELECTRICITY**(i) Income from sales of electricity**

	2022	2021
	(audited)	(audited)
Sales of energy on the regulated market		65,878
Sales of energy on the free market	6,337,865,873	3,096,113,550
Sales of thermal energy	5,729,022	6,940,688
Income from the sale of green certificates	31,426	28,938
Total	6,343,626,321	3,103,149,054

(ii) Quantity of sold electricity*)

	2022	2021
	(audited)	(audited)
Quantity of sold electricity on the regulated market (MWh)	-	361
Quantity of sold electricity on the free market (MWh)	10,513,090	10,890,654
Total	10,513,090	10,891,015

*) The amount of electricity sold does not include the amount of electricity related to income from positive imbalances recovered on the Balancing Market, of 40,798 MWh for the financial year ended on 31 December 2022 (33,702 MWh for the financial year ended on 31 December 2021).

Starting from the year 2021, ANRE has not established any delivery obligations for producers on the regulated market. Agreements concluded on the regulated market for the 2nd semester of 2020 have delivery term expressed in CET hours; the last delivery hour in the year 2020 was the first hour of January 2021 (361 MWh, regulated price amounting to RON 182.63/MWh (amount net of T_g)).

On the free market, the Group sold 99.61% of the total energy sold in 2022 (2021: 99.69%), at an average sale price of RON 600.15/MWh (2021: 284.29 RON/MWh), amount net of T_g.

The mother Company is a participant in the Balancing Market according to the balancing market participation agreement concluded with C.N. Transelectrica S.A. and set up a Guarantee in amount of RON 50,000, valid until 11 June 2023 and is a member of PRE Ciga Energy SA, according to the agreement concluded with Ciga Energy S.A. for the provision of the representation service as a party responsible for balancing.

The mother company carries out the activity of generation of heat by operating the power facilities related to the electricity and heat generation units, in two heat exchangers with a total heat power of 40 Gcal/h and 46.51 MW. The mother Company delivers heat to the local heat distribution company, S.C. Utilitati Publice S.A. Cernavodă, as well as to certain end consumers in Cernavodă Locality— economic operators, social and cultural institutions. The sales of heat in 2022 amount to RON 5,729,022 (2021: RON 6,940,688).

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for.)***23. OTHER INCOME**

	2022	2021
	(audited)	(audited)
Income from investments subsidies	14,354,675	14,354,155
Income from operating subsidies	872,785	-
Income from compensation, fines and penalties	3,730,399	6,223,431
Net income from sale of assets held for sale	-	1,970,976
Income from restatement of provisions and value adjustments	74,987,912	-
Other income	73,654,081	64,705,906
Total	167,599,852	87,254,468

The subsidies for investments (long-term deferred income) were granted in 2007 and consisted of writing off penalties and debts under loan agreements. The subsidies are recognized in the profit and loss statement as income for the period 2007 - 2026, over the period remaining to be depreciated for Unit 1.

24. PERSONNEL COSTS

	2022	2021
	(audited)	(audited)
Salaries and wages	512,324,635	408,796,463
Costs of social insurance and similar	48,797,446	35,527,818
Total personnel costs	561,122,081	444,324,281

The breakdown on categories of employees is as follows:

	2022	2021
	(audited)	(audited)
Management staff	112	237
Operational staff	2,384	2,009
Total effective headcount	2,496	2,246

The average headcount of the Group in 2022 was 2,296 (2021: 2,021 employees).

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*(All amounts are expressed in RON, unless otherwise expressly provided for.)***25. ADDITIONAL INCOME TAX EXPENSES / CONTRIBUTION TO THE ENERGY TRANSITION FUND**

	2022	2021
	(audited)	(audited)
Additional income tax expenses / Contribution to the Energy Transition Fund	1,085,014,040	-
Total	1,085,014,040	-

During 2022, the Group has booked additional income tax, i.e., contribution to the Energy Transition Fund, in the amount of RON 1,085,014,040 (31 December 2021: RON 0). On December 31, 2022, the balance of the debt regarding the contribution to the Energy Transition Fund is worth RON 73,259,726 (31 December 2021 RON: 0).

The additional income was established and calculated on the basis of art. II (1) of Law no. 259/2021 for the approval of GEO no. 118/2021, as subsequently amended and supplemented, and results from the difference between the average monthly selling price of electricity and the price of 450 RON/MWh. The tax rate applied to additional income realized is 80%. The calculation method is established by GEO no. 27/2022 (Annex 6) and applies, according to art. 4 of the GEO no. 27/2022 for the period 1 November 2021 - 31 August 2022.

According to GEO no. 119/01.09.2022 for amendment and supplement of GEO no. 27/2022, starting with 1 September 2022, for the period 1 September 2022 - 31 August 2023, electricity producers must pay a contribution to the Energy Transition Fund. The calculation method is provided for in Annex 6 of this ordinance and is determined as a difference between the monthly sale price and the reference price (RON 450/MWh) multiplied by the monthly quantity physically delivered.

Effective 16 December 2022, Law no. 357/2022 approving the Government Emergency Ordinance no. 119/01.09.2022, which set forth a number of amendments to the provisions of the Government Emergency Ordinance no. 119/2022 on the contribution to the Energy Transition Fund, came into effect. The application period has been extended until 31 March 2025, and the calculation methodology was amended so that the amount of the contribution would be further determined as the product between the difference between the monthly sale price and the amount of RON 450/MWh and the monthly quantity physically delivered from own production. During the time period when Law no. 357/2022 applies, the monthly expenditure included also the cost of unbalances.

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*(All amounts are expressed in RON, unless otherwise expressly provided for.)***26. OTHER OPERATING EXPENDITURE**

	2022	2021
	(audited)	(audited)
Other expenses with services executed by third parties	94,340,155	90,869,487
NRWA costs	100,535,482	102,229,602
Expenses with energy and water	91,268,972	83,919,600
Expenses with fuel and other consumables	62,488,846	55,022,469
Expenditure related to ANRE contribution	3,121,500	3,120,333
Expenses with insurance premiums	13,559,207	12,263,163
Expenses with the transport and telecommunications	10,772,830	7,831,862
Expenses with building tax	71,957,968	67,980,477
Net expenses related to provisions and value adjustments	-	25,051,292
Other operating expenditure	51,209,505	47,163,188
Total	499,254,465	495,451,473

NRWA costs

Starting with 2007, following the Government Decision no. 1080/5 September 2007 regarding the safe management of radioactive waste and decommissioning of the nuclear plants, the Company is required to pay two types of contributions to NRWA:

- contribution for decommissioning each nuclear unit in amount of EUR 0.6/MWh net electricity produced and delivered in the system;
- contribution for the permanent storage of radioactive waste of EUR 1.4/MWh of net electricity produced and delivered in the system.

According to this legislative act, the annual contribution for decommissioning is paid during the designed lifetime of nuclear units, and the direct annual contribution for the final storage is paid during the operating period of nuclear units, and, therefore, NRWA is held responsible for the management of the entire decommissioning process, at the end of the useful lifetime of nuclear plants and storage of the resulting waste.

Expenditure related to ANRE contribution

ANRE contribution for the year 2022 is calculated according to the Order ANRE no. 143/2021, representing 0.1% of the turnover realized in 2021, from activities carried out under the licenses held. As at 31 December 2022 the contribution amounts to RON 3,121,500 (31 December 2021: RON 3,120,333). For the year 2021, the contribution was calculated according to the Order of ANRE no. 223/09.12.2020, representing 0.1% of the turnover realized in 2020, from activities carried out under the licenses held.

Other operating expenditure

Position of "Other operating expenditure" includes expenses related to operating license paid to NCNAC Bucharest, in amount of RON 9,900,000 (31 December 2021: RON 9,900,000).

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*(All amounts are expressed in RON, unless otherwise expressly provided for.)***27. FINANCIAL INCOME AND EXPENDITURE**

	2022	2021
	(audited)	(audited)
Interest income	218,931,212	52,267,012
Income from exchange rate differences	20,224,768	8,750,829
Dividend income	-	1,840
Financial income regarding the amortization of governmental bonds differences	70,929	23,523
Other financial income	9,623	2,896
Financial income - Total	239,236,532	61,046,100
Expenses from exchange rate differences	(24,347,675)	(25,821,391)
Interest expense	(7,451,711)	(10,590,459)
Financial expenses - Total	(31,799,386)	(36,411,850)
Financial income/(expenditure), net	207,437,146	24,634,250

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for.)***28. RELATED PARTY TRANSACTIONS****i) Transactions with State-owned companies**

The Group operates in an economic environment dominated by companies owned or controlled by the Romanian State through its governmental authorities and agencies, collectively known as State-owned companies.

The Group has made significant transactions with other State-owned or controlled companies, including: sales of electricity (OPCOM SA, Societatea de Distribuție a Energiei Electrice Muntenia Nord SA); purchases of electricity (S.P.E.E.H. Hidroelectrică SA); purchase of electricity transmission and balancing services (C.N. Transelectrica SA); purchase of natural uranium as UO₂ sinterable powder (Compania Națională a Uraniului S.A.); purchase of processing services for noncompliant materials containing natural uranium from the NFP Pitești Branch for recovery of uranium as UO₂ sinterable powder (Compania Națională a Uraniului S.A.); purchase of treatment services for the radioactive water resulting from production activities (Regia Autonomă Tehnologii pentru Energia Nucleară – Institutul de Cercetări Nucleare Pitești); and payment of contribution for the management of the decommissioning process of the two units and for the final disposal of nuclear waste at the end of the useful lifetime of the two units, as well as for the permanent disposal of the resulting residues (Nuclear and Radioactive Waste Agency - NRWA).

In the pursuit of its business, the Group identified the following transactions and balances with its main related parties:

	Sales		Receivables as at	
	2022 (audited)	2021 (audited)	31 December 2022 (audited)	31 December 2021 (audited)
the Romanian Electricity and Gas Market Operator (OPCOM S.A.)	1,332,533,729	689,505,394	1,478,997	1,038,664
Electrica Furnizare S.A.	560,894,954	489,370,866	40,721,750	40,923,394
Distribuție Energiei Electrică România S.A.	299,140,052	23,550,323	52,166,030	2,377,268
C.N. Transelectrica S.A.	150,862,549	23,353,543	26,367,201	2,360,979
Utilități Publice S.A. NPP Branch	6,018,958	7,173,715	5,724,145	4,293,192
Compania Națională a Uraniului S.A.	-	-	6,564,582	6,984,740
Regia Autonomă Tehnologii pentru Energia Nucleară - CITON	75,535	-	-	-
Regia Autonomă Tehnologii pentru Energia Nucleară - ICN	2,395	-	-	-
National Commission for Nuclear Activities Control	-	-	-	9,258
Total	2,349,528,173	1,232,953,841	133,022,704	57,987,494

The balance of receivables as at 31 December 2022 and 31 December 2021, as presented above, does not include advance paid to suppliers or accrued expenses with related parties.

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for.)***28. RELATED PARTY TRANSACTIONS (CONTINUATION)****(i) Transactions with State-owned companies (continuation)**

	Purchases		Liabilities as at	
	2022 (audited)	2021 (audited)	31 December 2022 (audited)	31 December 2021 (audited)
the Romanian Electricity and Gas Market Operator (OPCOM S.A.)	369,609,440	163,660,060	1,068,264	1,270,024
Compania Nationala a Uraniului S.A.	103,328,704	13,607,654	1,417,293	733,670
Nuclear and Radioactive Waste Agency	100,535,482	102,229,602	8,063,243	8,554,307
Apele Romane Bucharest	64,591,306	62,645,588	12,302,495	12,744,720
National Commission for Nuclear Activities Control	9,314,440	9,072,357	-	-
C.N. Transelectrica S.A.	22,960,763	13,516,752	5,610,805	1,470,551
Dobrogea Seaside Water Basin Administration	12,639,264	11,784,811	3,215,249	3,045,001
Regia Autonoma Tehnologii pentru Energia Nucleara - ICN	11,593,860	7,320,166	2,771,157	2,974,967
Raja S.A.	3,700,316	2,864,304	754,733	562,972
Regia Autonoma Tehnologii pentru Energia Nucleara - CITON	3,798,642	2,800,634	1,153,794	1,588,295
Romanian Energy Regulatory Authority	3,121,500	2,451,830	735,522	-
Compania Nationala Administratia Canalelor Navigabile S.A.	1,239,265	2,725,782	203,195	202,559
Total	706,432,982	394,679,540	37,295,751	33,147,066

The balance of intercompany payables as at 31 December 2022 and 31 December 2021, as presented above, does not include advance payments received from related customers.

ii) Guarantees received from the Romanian State through the Ministry of Finance

All loans are secured by the Romanian State through the Ministry of Finance (see Note 16).

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for.)***28. RELATED PARTY TRANSACTIONS (CONTINUATION)****iii) Waging of the Group's management**

The Group's management include:

- The members of the Board of Directors of the Company and the subsidiaries, who have mandate contracts concluded with the Company;
- Executives with mandate contract in the Group;
- Other executives of the Group who signed individual employment agreements, under the terms laid down in the collective bargaining agreements, as applicable.

Members of the Board of Directors, who have directorship (mandate) contracts concluded with the Group, and the remuneration of whom is approved by the General Meeting of Shareholders. Executives with mandate contracts are remunerated based on the contractual provisions, within the general limits approved by the GMS. Detailed information on the remuneration of the Company's directors and executives is included in the Annual Report of the Nomination and Remuneration Committee, set up under the Company's Board of Directors. The amounts shown are gross remunerations.

	<u>2022</u>	<u>2021</u>
	<u>(audited)</u>	<u>(audited)</u>
Remuneration of the Group's management (gross amounts)	20,493,054	17,404,973
	<u>20,493,054</u>	<u>17,404,973</u>

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for.)

29. MANAGEMENT OF SIGNIFICANT RISKS

The main risks the Group is exposed to are:

- market risk (price risk, interest rate risk and currency risk);
- credit risk;
- liquidity risk;
- taxation risk;
- operational risk.

The general risk management strategy seeks to maximize the Group's profit against the level of risk it is exposed to, and to minimize any potential adverse variations on the Group's financial performance.

The Group has no formal agreements to hedge financial risks. Despite the fact that there are no formal hedge agreements, financial risks are strictly monitored by the management considering the financial needs of the Group in order to effectively manage risks and opportunities. The financial department regularly prepares forecasts of cash-flows in order to help the management make decisions.

a) Market risk

Market risk is defined as the risk of incurring a loss or not obtaining the expected profit, due to fluctuations of prices, interest rates and currency exchange rates.

The Group is exposed to the following categories of market risk:

(i) Price risk

The Group is exposed to the risk related to variation in the price of electricity traded on the competitive and spot (DAM+IDM) markets, as well as on the balancing market. To mitigate this risk, the Group trades most of the electricity generated on the competitive market, by concluding long-term bilateral contracts, with fixed prices and well-defined price formulas.

In 2022, the amount of electricity sold on the competitive market accounted for 89.15% (2021: 86.83%) of the total volume of electricity sold, and on the spot market (DAM+ IDM), an amount of electricity representing 10.46% was sold (2021: 12.9%); the difference was represented by positive imbalances of 0.39% (2021: 0.31%), and for the year 2021, an insignificant amount was sold on the regulated market 0.003%. The average sale price under bilateral contracts in 2022 was RON 531.36/MWh, Tg included (31 December 2021: RON 253.67/MWh, Tg included), and on the spot market (DAM+ IDM) the average price was RON 1,207.36/MWh, Tg included (31 December 2021: RON 490.67/MWh, Tg included). The regulated price of electricity sold on the regulated market in 2021 was RON 183.93/MWh, Tg included.

A positive variation of 10% in the price of electricity sold would lead to an increase in profit after taxes on 31 December 2022 by RON 636,078,327 (31 December 2021: RON 310,966,939), a negative variation of 10% having an equal net impact, but with the opposite sign.

(ii) Interest rate risk

The Group faces interest rate risk due to its exposure to unfavourable interest rate fluctuations. The change in the market interest rate has a direct influence on the income and expenditure related to the financial assets and liabilities bearing floating interest rates, as well as on the market value of those bearing fixed interest rates. As at 31 December 2022 and 31 December 2021, most of the Group's assets and liabilities are interest-bearing. As a result, the Group is directly affected by the risk of interest rate fluctuations. Cash and cash equivalents are generally invested at interest rates for a maximum period of one year. However, the decrease in market yields could affect the measured amount of the assets held by the Company.

From the total financial liabilities of the Group, the only liabilities bearing floating interest are represented by long-term bank loans. For more information about the contractual maturity of the Company's interest-bearing financial assets and liabilities, see Note 29 (c) Liquidity Risk. The Group does not use derivative financial instruments to hedge against interest rate fluctuations. The impact on the Company's net profit of a $\pm 1.00\%$ change in the interest rate related to interest-bearing assets and liabilities is \pm RON 1,301,166 (31 December 2021: \pm RON 2,981,918).

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for.)***29. MANAGEMENT OF SIGNIFICANT RISKS (CONTINUATION)****a) Market risk (continuation)****(ii) Interest rate risk (continuation)**

	Carrying amount (*)	
	31 December 2022 (audited)	31 December 2021 (audited)
Fixed-rate instruments		
Financial assets	4,256,179,161	2,455,446,266
	4,256,179,161	2,455,446,266
Floating-rate instruments		
Financial liabilities	130,116,620	298,191,838
	130,116,620	298,191,838

(*) Gross carrying amount, before deduction of the trading costs.

Sensitivity analysis of cash flows for floating interest rate instruments

A change in interest rates by $\pm 1.00\%$ on the reporting date would have determined the increase (decrease) in profit or loss with the amounts below. This analysis assumes that all other variables, particularly exchange rates, remain constant.

	Profit or loss	
	+ 1.00% increase	- 1.00% decrease
31 December 2022		
Floating-rate instruments	(1,301,166)	1,301,166
Cash-flow sensitivity (net)	(1,301,166)	1,301,166
31 December 2021		
Floating-rate instruments	(2,981,918)	2,981,918
Cash-flow sensitivity (net)	(2,981,918)	2,981,918

(iii) Currency risk

The currency risk is the risk of incurring losses or not making the estimated profit due to unfavourable exchange rate fluctuations. The Group is exposed to exchange rate fluctuations, but it does not have a formal foreign exchange risk hedging policy. Most of the financial assets and liabilities of the Company are expressed in the national currency; the other currencies in which transactions are performed are EUR, CAD, USD and GBP.

The Group is exposed to currency risk fluctuations for cash and cash equivalents and its purchases and long-term loans in a currency other than the Group's functional currency. Long-term loans are denominated in foreign currency and are converted into RON, at the exchange rate on the balance-sheet date, as communicated by the National Bank of Romania. The resulting differences are included in the profit and loss statement, and do not affect the cash-flow until the time when the debt is paid-off.

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for.)

29. MANAGEMENT OF SIGNIFICANT RISKS (CONTINUATION)
a) Market risk (continuation)
(iii) Currency risk (continuation)

Financial assets and liabilities expressed in RON and in other currencies as at 31 December 2022 and 31 December 2021 are presented in the following tables.

	Carrying amount(*)	RON	EUR	USD	CAD	GBP	CHF
31 December 2022							
Financial assets							
Cash, cash equivalents and deposits	4,537,520,633	4,512,373,391	14,659,681	1,144,012	9,295,595	44,931	3,024
Government bonds	30,260,661	30,260,661	-	-	-	-	-
Trade receivables	438,540,316	438,139,642	57,494	317,251	25,433	496	-
Advance payments	20,994,911	20,994,911	-	-	-	-	-
Tangible non-current assets (pre-payments)	72,037,118	16,157,639	24,801,847	1,334,149	29,743,483	-	-
Gross exposure	5,099,353,639	5,017,926,244	39,519,022	2,795,412	39,064,511	45,427	3,024
Financial liabilities							
Suppliers and suppliers of non-current assets	(157,717,317)	(107,837,194)	(5,100,212)	(7,860,944)	(36,296,638)	622,329)	-
Loans	(130,116,620)	-	(130,116,620)	-	-	-	-
Gross exposure	(287,833,937)	(107,837,194)	(135,216,832)	(7,860,944)	(36,296,638)	622,329)	-
Net exposure in the financial position statement (audited)	4,811,519,702	4,910,089,050	(95,697,810)	(5,065,532)	2,767,873	576,902)	3,024

(*) Gross carrying amount, before deduction of the trading costs.

	Carrying amount (*)	RON	EUR	USD	CAD	GBP	CHF
31 December 2021							
Financial assets							
Cash, cash equivalents and deposits	2,672,145,157	2,669,336,256	1,204,829	761,407	776,843	64,752	1,069
Government bonds	30,190,266	30,190,266	-	-	-	-	-
Trade receivables	220,486,125	220,283,284	10,936	43,022	142,903	5,980	-
Advance payments	20,525,633	20,525,633	-	-	-	-	-
Tangible non-current assets (pre-payments)	73,626,526	23,627,517	33,846,920	16,152,089	-	-	-
Gross exposure	3,016,973,707	2,963,962,955	35,062,686	16,956,518	919,746	70,733	1,069
Financial liabilities							
Suppliers and suppliers of non-current assets	(123,519,680)	(92,987,935)	(11,656,765)	(5,771,060)	(13,096,529)	(7,391)	-
Loans	(301,479,156)	-	(263,953,010)	-	(37,526,147)	-	-
Gross exposure	(424,998,837)	(92,987,935)	(275,609,775)	(5,771,060)	(50,622,676)	(7,391)	-
Net exposure in the financial position statement (audited)	2,591,974,870	2,870,975,020	(240,547,089)	11,185,458	(49,702,930)	63,342	1,069

(*) Gross carrying amount, before deduction of the trading costs.

The following rates of exchange were applied:

	Average rate		Exchange rate as at	
	2022	2021	31 December 2022	31 December 2021
RON/EUR	4.9315	4.9204	4.9474	4.9481
RON/USD	4.6885	4.1604	4.6346	4.3707
RON/CAD	3.6020	3.3192	3.4232	3.4344
RON/GBP	5.7867	5.7233	5.5878	5.8994
RON/CHF	4.9096	4.5516	5.0289	4.7884

NOTES 1 TO 32 ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

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*(All amounts are expressed in RON, unless otherwise expressly provided for.)***29. MANAGEMENT OF SIGNIFICANT RISKS (CONTINUATION)****a) Market risk (continuation)****(iii) Currency risk (continuation)****Sensitivity analysis**

A 10% appreciation of the national currency compared to the following foreign currencies on 31 December 2022 and on 31 December 2021 would have increased the gross profit by the amounts indicated below. This analysis assumes that all other variables remain constant.

	2022 profit (audited)	2021 profit (audited)
EUR	9,569,781	24,054,709
USD	506,553	(1,118,546)
CAD	(276,787)	4,970,293
GBP	57,690	(6,334)
CHF	(302)	(107)
Total	9,856,935	27,900,015

A 10% depreciation in the national currency against the following foreign currencies on 31 December 2022 and on 31 December 2021 would have had a similar, but opposite effect, on the above amounts, assuming that all other variables remained constant.

	Loss 2022 (audited)	Loss 2021 (audited)
EUR	(9,569,781)	(24,054,709)
USD	(506,553)	1,118,546
CAD	276,787	(4,970,293)
GBP	(57,690)	6,334
CHF	302	107
Total	(9,856,935)	27,900,015

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for.)

29. MANAGEMENT OF SIGNIFICANT RISKS (CONTINUATION)

b) Credit risk

Credit risk is the risk of incurring losses or not realizing the estimated profits due to the counterparty not fulfilling their financial obligations. The Group is exposed to credit risk as a result of the investments measured at amortized cost, cash and cash equivalents and trade receivables.

(i) Risk Management

Credit risk is managed at Group level.

In order to manage the counterparty risk, investment of the available funds is only done with banking institutions with a minimum rating of BB-, Fitch equivalent. Exposure limits for banks that do not have a public rating are set at a maximum of 3% per bank of total assets, but no more than 7% of total assets accumulated for all banks that do not have a public rating. The medium-term objective is to ensure an adequate spread so that the net exposure to a financial institution does not exceed 8% (percentage calculated by reference to the net investments in a financial institution, out of total assets).

Electricity sale/purchase contracts are concluded in compliance with the electricity and gas law no. 123/2012, the agreements for participation in the centralized electricity markets managed by OPCOM and BRM and ratified by SNN, as well as the procedures associated thereto. The amount of receivables, net of adjustments for impairment, represents the maximum amount exposed to credit risk.

As at 31 December 2022, the Group is exposed to a moderate credit risk, considering that approximately 22% of its trade receivables are against Distribuție Energie Electrică România SA and Enel Energie SA (see Note 11). Counterparty risk is limited considering the guarantees obtained from clients in the form of letters of bank guarantee.

The Group's investments in debt instruments are considered to be low-risk investments. Credit ratings of investments are monitored for credit deterioration.

(ii) Collaterals

For commercial receivables from the sale of electricity, the Group obtains guarantees in the form of letters of bank guarantee, which can be executed if the partner is default of the contractual term.

(iii) Adjustments for impairment

The Group holds the following financial assets that are subject to the "expected credit losses" model:

- Trade receivables coming from the sale of electricity; and
- Financial assets measured at amortized cost

Although cash and cash equivalents are subject to impairment testing according to IFRS 9, the expected credit losses for these assets are insignificant.

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for.)***29. MANAGEMENT OF SIGNIFICANT RISKS (CONTINUATION)****b) Credit risk (continuation)****Cash and cash equivalents**

Cash and deposits are placed with different financial institutions (banks), with the aim of reducing the counterparty risk, by limiting the exposure to a single financial institution. The main financial institutions where these financial assets are placed are the following:

	31 December 2022	31 December 2021
	(audited)	(audited)
Banca Romaneasca S.A.	769,977,778	210,000,184
CEC Bank S.A.	769,741,439	541,378,778
EximBank S.A.	612,900,592	532,423,743
Alpha Bank S.A.	477,433,699	405,721,034
Unicredit Bank S.A.	432,846,773	280,007,483
Garanti Bank S.A.	384,294,877	246,324,137
Banca Comerciala Romana S.A.	345,120,788	128,819,523
Vista Bank S.A.	284,622,936	210,001,170
Banca Transilvania S.A.	280,057,693	645
BRD Societe Generale S.A.	178,286,910	115,666,064
Treasury of City of Bucharest	1,436,612	1,436,611
Citi Bank Romania	7,102	7,372
Other	793,434	358,411
Total cash, bank deposits and financial non-current assets	4,537,520,633	2,672,145,157

The maximum credit risk exposure on the reporting date was:

	Net amount	
	31 December 2022	31 December 2021
	(audited)	(audited)
Financial assets		
Trade receivables	438,540,316	220,486,125
Bank deposits	1,829,796,500	1,328,973,000
Cash and cash equivalents	2,707,724,133	1,343,172,157
Other financial assets measured at amortized cost	142,158,865	85,068,328
Government bonds	30,260,661	30,190,266
	5,148,480,475	3,007,889,876

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for.)***29. MANAGEMENT OF SIGNIFICANT RISKS (CONTINUATION)****b) Credit risk (continuation)****Trade receivables**

The Group applies the simplified method of measuring expected credit losses, as provided under IFRS 9, for the measurement of trade receivables. IFRS 9 allows entities to apply a “simplified approach” to trade receivables, contractual assets and lease receivables. The simplified approach allows entities to recognize expected losses over the lifetime of all these assets without having to identify significant increases in credit risk.

In order to measure the expected credit losses, trade receivables were grouped based on the common characteristics of the credit risk and the days of delay. Expected loss rates are based on customer payment profiles over a 1-year period, analysed at 30-day intervals and historical losses. Historical loss rates are adjusted to reflect the current and prospective information on the macroeconomic factors that affect the customers' ability to pay.

Based on these ratios, the expected credit losses on 31 December 2022 and on 31 December 2021 were determined for trade receivables and other receivables, as follows:

The age of **trade receivables** on the reporting date was as follows:

	Gross amount 31 December 2022 (audited)	Value adjustments as at 31 December 2022 (audited)	Gross amount 31 December 2021 (audited)	Value adjustments as at 31 December 2021 (audited)
Not yet due	435,105,477	-	217,460,806	-
Overdue between 1-30 days	34,571	-	1,071,652	-
Overdue between 31-90 days	161,834	-	564,447	-
Overdue between 91-180 days	203,537	-	288,433	-
Overdue between 181-270 days	2,273,571	-	1,100,787	-
Overdue between 271-365 days	761,327	-	-	-
More than one year	12,001,436	(12,001,436)	12,822,025	(12,822,025)
Total	450,541,753	(12,001,436)	233,308,150	(12,822,025)

The age of **other receivables**, including the recoverable VAT, on the reporting date was as follows:

	Gross amount 31 December 2022 (audited)	Value adjustments as at 31 December 2022 (audited)	Gross amount 31 December 2021 (audited)	Value adjustments as at 31 December 2021 (audited)
Not yet due	139,295,947	-	85,004,949	-
Overdue between 1-30 days	1,714	-	184	-
Overdue between 31-90 days	937,575	-	63,195	-
Overdue between 91-180 days	26,113	-	-	-
Overdue between 181-270 days	-	-	-	-
Overdue between 271-365 days	13,773	-	-	-
More than one year	3,050,103	(3,050,103)	596,559	(596,559)
Total	143,325,224	(3,050,103)	85,664,888	(596,559)

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for.)***29. MANAGEMENT OF SIGNIFICANT RISKS (CONTINUATION)****b) Credit risk (continuation)**The developments in **adjustment for impairment of trade receivables** are as follows:

	<u>31 December 2022</u> <u>(audited)</u>	<u>31 December 2021</u> <u>(audited)</u>
Balance at the beginning of the year	(12,822,025)	(10,101,875)
Recognized impairment adjustments, net of restatements, recognized in the consolidated statement of profit or loss	820,589	2,720,150
Balance at the end of the year	(12,001,436)	(12,822,025)

Trade receivables are derecognized when there is no longer a reasonable expectation of recovery. The ratios according to which there is no reasonable expectation of recovery include, among others, a debtor's inability to commit to a repayment plan and the inability to make payments for longer than 270 days. Impairment losses of trade receivables and contractual assets are presented as net impairment losses under the operating profit. Subsequent recoveries of previously cancelled amounts are credited to the same heading as the Statement of Profit or Loss.

c) Liquidity risk

Liquidity risk represents the risk of incurring losses or not realizing the estimated profits, which results from the impossibility of making short-term payment obligations at any time, without this involving excessive costs or losses that cannot be borne by the Group.

A prudent liquidity risk management policy implies maintaining a sufficient level of cash and cash equivalents and the availability of financing through appropriate contracted credit facilities. Considering the dynamic nature of its business, the Group strives to maintain financing flexibility by having access to various financing sources.

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for.)***29. MANAGEMENT OF SIGNIFICANT RISKS (CONTINUATION)****c) Liquidity risk (continuation)**

The structure of the assets and liabilities was analysed based on the remaining period from the date of the financial position until the contractual maturity date, both for the period ended on 31 December 2022, and for the financial year ended on 31 December 2021, as follows:

	Carrying amount 31 December 2022 (audited)	Contract amount	< 1 year	> 1 year	Carrying amount 31 December 2021 (audited)
Financial assets					
Cash and current accounts	2,707,724,133	2,707,724,133	2,707,724,133	-	1,343,172,157
Deposits with banks	1,829,796,500	1,829,796,500	1,829,796,500	-	1,328,973,000
Trade receivables	438,540,316	438,540,316	438,540,316	-	220,486,125
Financial assets measured at amortized cost	35,567,692	35,567,692	-	35,567,692	35,496,297
Other financial assets measured at amortized cost	142,158,865	142,158,865	142,158,865	-	85,068,328
Total financial assets	5,153,787,506	5,153,787,506	5,118,219,814	35,567,692	3,013,195,907
Financial liabilities					
Loans	130,336,373	130,336,373	65,525,433	64,810,940	298,261,569
Trade payables	448,160,020	448,160,020	448,160,020	-	286,476,663
Liabilities under leasing agreements	15,565,524	15,565,524	2,734,403	12,831,121	1,174,611
Other financial liabilities	220,699,024	220,699,024	157,087,526	63,611,498	161,684,737
Total financial liabilities	814,760,941	814,760,941	673,507,382	141,253,559	747,597,580
Excess liquidity	4,339,026,565	4,339,026,565	4,444,712,432	(105,685,867)	2,265,598,327

*) The Group's liquidity is not affected either in the long run due to the fact that it holds liquid assets significantly higher than its long-term liabilities, classified according to the liquidity terms in the short-term category (cash and current accounts).

d) Taxation risk

The Romanian tax legislation provides detailed and complex rules that underwent repeated in recent years. The interpretation of the text and the practical procedures implementing the tax legislation could vary, and there is a risk that certain transactions are interpreted by the tax authorities differently than the Group's treatment.

From the point of view of the corporate tax, there is a risk that tax authorities give a different interpretation to the applied tax rules determined under the Accounting Regulations compliant with IFRS.

The Government of Romania has a number of agencies authorized to audit (inspect) the companies operating in the territory of Romania. These inspections are similar to the tax audits undertaken in other countries, and may cover more than just tax issues, meaning legal and regulatory matters of interest for these agencies. It is possible that the Group is subject to tax inspections as new tax regulations are issued.

S.N. Nuclearelectrica S.A.

Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for.)

29. MANAGEMENT OF SIGNIFICANT RISKS (CONTINUATION)

e) Operational risk

Operational risk is defined as the risk of incurring losses or not realizing the estimated profits due to internal factors, such as improper performance of internal activities, inadequate personnel or systems, or to external factors, such as economic conditions, changes on the capital market, technological progress. Operational risk is inherent in all the Group's activities.

Operational risk relates to the Group's ability to secure the amounts of electricity assumed under contracts on the regulated and competitive market, taking into account both the scheduled and unscheduled shutdowns of Units 1 and 2. The means of managing these risks imply assessment, maintenance and continuous upgrading of the Company's systems, as well as a good planning and performance of preventive and corrective maintenance activities to control the nuclear risks, as well as to reduce the number of unscheduled downtime hours.

The policies defined for operational risk management took into account each type of event that can generate significant risks and how these manifest, in order to remove or reduce losses of a financial or reputational nature.

f) Regulatory risk

Regulatory risk is the risk of financial losses, including fines and penalties, resulting from non-compliance with the laws and regulations due to potential amendments of the legislative framework. These may refer to the local and central authorities or the energy regulatory authority (ANRE) imposing new contractual provisions or tax changes. This risk is limited by the continuous monitoring and assessment of the impact of the legislative framework amendments on the Company.

g) Capital adequacy

The management's policy on capital adequacy focuses on maintaining a solid capital base, in order to support the continuous development of the Group and attainment of its investment objectives.

Risk Management

The Group's capital management objectives are:

- to protect its ability to continue to pursue its business, so that it can continue to provide shareholders with profit and the other stakeholders with benefits, and
- to maintain an optimal capital structure so as to reduce the cost of capital.

To maintain or adjust the capital structure, the Group can adjust the amount of the dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce liabilities.

In line with other industries, the Group monitors the capital based on the following ratio:

Net leverage = net liabilities/equity (as presented in the Statement of the Financial Position, including the non-controlling interests)

	<u>31 December 2022</u> (audited)	<u>31 December 2021</u> (audited)
Net debt	(4,421,879,397)	(2,402,899,243)
Equity	10,532,542,520	8,364,682,919
Net debt/Equity	(0.4x)	(0.3x)

As at 31 December 2022, a negative net debt of RON 4.42 million was booked by the Group (31 December 2021: RON 2.4 million). The net leverage ratio being (0.4x).

S.N. Nuclearelectrica S.A.

Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

*(All amounts are expressed in RON, unless otherwise expressly provided for.)***29. MANAGEMENT OF SIGNIFICANT RISKS (CONTINUATION)****g) Capital adequacy (continuation)**

Net debt

The net debt includes the total of credits and financial liabilities, less cash and cash equivalents and liquid assets. Liquid assets are financial assets with an initial maturity of more than three years, that are easily convertible into cash and are managed according to a liquidity-focused policy. In this category, the Group recognized financial assets measured at amortized cost of the nature of governmental bonds.

	31 December 2022	31 December 2021
	(audited)	(audited)
Cash and cash equivalents	(2,707,724,133)	(1,343,172,157)
Bank deposits	(1,829,796,500)	(1,328,973,000)
Financial assets measured at amortized cost in the form of governmental bonds	(30,260,661)	(30,190,266)
Bank loans	130,336,373	298,261,569
Liabilities under leasing agreements	15,565,524	1,174,611
Net debt	(4,421,879,397)	(2,402,899,243)

Loan agreements

In accordance with the terms of the loan facility granted by EURATOM, the Group must comply with the following financial clauses:

- the debt service coverage index must be at least 1.5;
- the leverage must not exceed 2;
- the income booked by the Company must be sufficient to cover the operating and maintenance costs of Units 1 and 2, as well as for the interest payments in relation to Units 1 and 2.

As at 31 December 2022 and 31 December 2021, the financial ratios requested by EURATOM are met.

S.N. Nuclearelectrica S.A.

Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for.)

30. CONTINGENCIES, COMMITMENTS AND OPERATIONAL RISKS

(i) *Taxation*

The taxation system in Romania is undergoing a stage of consolidation and harmonization with the European laws. Nevertheless, there are no different interpretations of the tax laws. In certain cases, tax authorities may deal with certain issues differently, proceeding to the calculation of some taxes and additional duties and of the related default interest and delay penalties. In Romania, the financial year remains open for tax verification for a 5-year period. The Group's management considers that the tax liabilities include in such financial statements are adequate and it is not aware of certain circumstances likely to determine possible significant liabilities in this respect.

(ii) *Other controls*

By letter no. 10136/30.08.2021, the Romanian Court of Accounts informed that during the period 6 September 2021- 17 December 2021 would perform the Verification of the statement, evolution and manner of administration of the State public and private assets, as well as the lawfulness of obtaining revenues and making expenses.

As at 17 December 2021, it was executed the Verification Report regarding the "Verification of the statement, evolution and manner of administration of the State public and private assets, as well as the lawfulness of obtaining revenues and making expenses", registered with the company under no. 14343/17.12.2021. Under the Verification Report, CCR issued Decision no. 1/20.01.2022 by which 5 actions were established, the achievement deadline of which was 31 August 2022. Company filed Appeal no. 1683/10.02.2022 against such Decision, respectively against action no. 1. By this Appeal, the Company requests the annulment of the infringement and of action no. 1 regarding "Non-compliance with the legal provisions regarding the recovery of damages established by the courts of law, for which payments had been made in amount of RON 142,699". The Appeal is under examination by CCR. Regarding the other actions, an internal analysis has been ordered, which is in progress.

During the period 13.07 - 19.07. 2022, the follow-up engagement of the Romanian Court of Accounts was performed for the purpose of checking implementation of the measures recommended under the Decision no. 1/20.01.2022. Based on the joint effort of the teams involved in the settlement of actions ordered by the Court of Accounts, the Company managed to successfully complete the process of closure of most of the actions ordered by CCR, even if their implementation deadline was 31 August 2022, respectively 2 actions which remained uncompleted beyond the control of SNN and which would be settled.

In accordance with the Half-Yearly Activity Plan for the period January – June 2022, Antifraud, Integrity and Inspection Directorate within the Ministry of Energy, performed an inspection within the Company in the first week of June, for the purpose of checking the manner of employment / promotion of staff, conclusion and performance of consultancy agreements, the manner in which the purchase activity was carried on; the comparative analysis of the economic and financial results, any other relevant issues for such inspection. The official result of the inspection has not been communicated yet to the Company's representatives. Nevertheless, there were no doubts about breach of laws or important findings of the inspection team.

As at 21 November 2022, an ANAF - DGAF team appeared to "Check calculation of the contribution to the Energy Transition Fund". The inspection concluded with the Report dated 21 November 2022 which documented that "Along with the amendments and supplements to the Government Emergency Ordinance no. 119/2022, it is noted that changes were also made to the expenditure considered in calculation of the net monthly revenue, as follows: the monthly expenditure include *cost of acquiring electricity for transactions with physical delivery, including on the balancing market, and the cost of the CO2 allowances.* *The actual production costs for obtaining one MWh of electricity are not included.* Taking into account the above, the Company should proceed to rectifying the Declaration 100 for September 2022, by declaring and paying to the State budget the difference of RON 2,392,280." We point out that the Company implemented this recommendation.

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Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for.)

30. CONTINGENCIES, COMMITMENTS AND OPERATIONAL RISKS (CONTINUATION)

(iii) Insurance policies

As at 31 September 2022, the following operational insurance policies were valid:

- The property insurance policy for material damages, all risks, including mechanical and electrical destruction (for Units 1 and 2 Cernavodă NPP and NFP Pitești). The insurance premium is USD 1,817,937 for the entire year for all damages. The insured sum is USD 1,560 million in aggregate, of which (i) USD 360 million - property related to Unit 1 of Cernavodă NPP and NFP Pitești, (ii) USD 300 million - property related to Unit 2 of Cernavodă NPP, (iii) two additional excess layers of USD 200 million each for [i] and [ii] above, and (iv) USD 500 million – an joint excess layer. Deductible: USD 10 million.
- Civil liability policy to third parties for nuclear damages. The insurance premium is USD 1,038,132 (for Units 1 and 2 of Cernavodă NPP). The insured amount is SDR 300 million.
- The third-party/professional liability insurance policy for SNN's directors and executives. The insurance premium is EUR 169,900. The liability limit is EUR 24 million.

(iv) Environmental matters

The Group did not register any liabilities as at 31 December 2022 and 31 December 2021 for any anticipated costs regarding the environmental issues, including legal and consultancy fees, land surveys, design and application of the rehabilitation plans. The liability for the decommissioning and cleaning of nuclear plants was taken over by NRWA (see Notes 5 and 26). Management considers that the plant fully complies with the Romanian and international environmental standards and it is estimated that any additional costs related to the observance of environmental laws as at 31 December 2022 are not significant. Moreover, the Group is insured against the risk of nuclear accidents, up to the amount of SDR 300 million, as described at paragraph (iii) above.

Nevertheless, the enforcement of the environmental regulations in Romania is progressing and their application by governmental authorities is continuously changing. The Group assesses the obligations incumbent on it pursuant to the environmental regulations on a periodical basis. Obligations determined are immediately recognized. Potential liabilities, likely to arise as a result of the amendments of the existing regulations, civil or legislation litigations, cannot be estimated, however, they could be significant. In the context of the applicable laws, the management considers that there are no significant liabilities for damages caused to environment.

(v) Litigations in progress

In 2022, the Group is involved in a number of legal proceedings pertaining to its normal course of business. The management examines the situation of litigations in progress on a regular basis, and following consultation with its legal advisors or lawyers, decides the need for setting up certain provisions for the amounts involved or their presentation in the financial statements.

In the Group's management opinion, there are no current court proceedings or claims likely to have any significant impact on the financial result and financial position of the Group, which have not been disclosed in these financial statements.

(vi) Commitments

As at 31 September 2022, the total amount of commitments was fully reflected under "Trade and other payables", representing capital and operating expenditure.

S.N. Nuclearelectrica S.A.

Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for.)

30. CONTINGENCIES, COMMITMENTS AND OPERATIONAL RISKS (CONTINUATION)

(vii) Collaterals

Trade of electricity produced on the platforms managed by OPCOM, supposes that for certain transactions, the Company should provide bank guarantee letters for participation in certain markets such as DAM (Day-Ahead Market) and IDM (Intra-Day Market), bids (PCSU – Centralized Market for Universal Service, PC-OTC – Centralized Market with double continuous negotiation of bilateral electricity agreements) or in favour of the clients (PCCB-NC – Centralized Market of Bilateral Agreements with Continuous Negotiation, PCCB-LE – Centralized Market of Bilateral Agreements by Wide Bid, PCCB-Le-flex LE – Centralized Market of Bilateral Agreements by Wide Bid and the use of products ensuring flexibility of trading and PCSU – Centralized Market for Universal Service).

As at 31 December 2022, the total value of the bank guarantee letters issued in favour of clients for the agreements concluded on PCCB-NC, PCCB-LE and PC-OTC amounted to RON 5.9 million, and in favour of OPCOM, for the participation in DAM and IDM, in amount of RON 115.1 million.

Moreover, as at 31 September 2022, the Company issued up letters of bank guarantee in favour of Transelectrica S.A. (of RON 50,000), for the purpose of ensuring the liquidity on the Balancing Market, by each Party Responsible for Balancing setting up a financial guarantee in favour of Transelectrica S.A., on account of the Agreement of Party Responsible for Balancing concluded between the Company as a license holder, and Transelectrica S.A. For all such bank guarantee letters, the Company set up collateral deposits with banks issuing guarantee letters.

As at 31 December 2022 the Company had set up with the Treasury, a deposit in amount of RON 1,436,176, representing the establishment of precautionary measures according to NAFA (National Agency for Fiscal Administration) Decision – General Directorate for Fiscal Antifraud.

As at 31 September 2022, the total amount of the letters of bank guarantee issued by customers in favour of the Company for the contracts concluded on PCCB-NC, PCCB-LE and PC-OTC was RON 1.206 million. Such guarantees cover the risk for non-performance of the contractual obligations assumed by clients under the electricity sales agreements.

31. FEES

As at 16 June 2020, the Group concluded a financial audit, limited review and services for carrying out agreed procedures agreement with Mazars Romania SRL, for a term of 36 months. The total fees (without the VAT) for the 2022 financial year, charged for the total of services of limited review of the financial statements as at 30 June 2022, auditing of the financial statements as at 31 December 2022 and other services for carrying out agreed procedures (review for agreed procedures) in 2022, is RON 175,950 (31 December 2021: RON 169,960).

S.N. Nuclearelectrica S.A.

Notes to the Consolidated Financial Statements for the financial year ended as at 31 December 2022

(All amounts are expressed in RON, unless otherwise expressly provided for.)

32. BALANCE-SHEET SUBSEQUENT EVENTS

Changes in the management of the Company - CFO

Under the Current Report published on 13 February 2023, the Company informed its shareholders and investors on the decision of the Board of Directors dated 13 February 2023 to appoint Mr. Dan Niculaie-Faranga as provisional Chief Financial Officer, for a 4-month term of office effective 14 February 2023, with the possibility of renewal, for good reasons, up to a maximum of 6 months.

Date: 17 March 2023

Cosmin Ghita
CEO

Dan Niculaie-Faranga
CFO

24. APPENDIX 11 – THE SUSTAINABILITY REPORT

Message of the CEO, Cosmin Ghiță

GRI 102-14

Worldwide, nuclear energy covers 10% of the total electricity demand, and this is expected to increase up to approx. 17% in the IEA Member States. Also, in the European Union, UK included, nuclear energy generates 50% of electricity without greenhouse gas emissions.

The International Energy Agency (IEA) estimates that the GHG-free sources will provide up to 52% of usage by 2040 v 36% today¹.

Also, over the last 50 years, nuclear energy has avoided 74 Gt of GHG being released into the atmosphere, according to the UNECE report.²

Romania has set the following decarbonization targets: 55% fewer GHG emissions by 2030; reducing dependence on imports from 20.85 % down to 17.8 % by 2030; removal of up to 4.59 GWe of coal-based energy by 2032, and its replacement by clear energy sources.

In this context, SN Nuclearelectrica SA plays a key part attainment of Romania's objectives by increasing the capacity to generate energy from nuclear sources by 2030s. Thus, we have in progress strategic investment projects of an estimated amount of EUR 12 billion in progress, including: Refurbishment of Unit 1; the Project of Units 3 and 4; development of small modular reactors in partnership with the American company NuScale; and implementation of support projects for current operation, such as the Tritium Removal Plant. Nuclearelectrica's investment projects will bring clean energy to Romania's energy stability, social and economic development, development of the nuclear industry, as well as the training of a new generation of engineer.

Currently, Nuclearelectrica plays a strategic part at the national level, with 2 nuclear units operating at the highest safety and productivity standards for 26 years, and covering

- approximately 20% of the total energy demand and 33% of the total CO₂-free clean energy production, at national level
- 205 million tons of CO₂ avoided from commissioning, 10 million tons of CO₂ avoided every year,
- More than 2,500 direct jobs, and more than 11,000 jobs generated by the industry
- EUR 5.7 billion contributed to the industry's GDP, an amount that could keep all Romanian hospitals operating at excellence standards for one full year.

After completion of the strategic projects (Refurbishment of Unit 1, Units 3 and 4, development of small modular reactors), this contribution will increase significantly, helping the national energy system attain energy stability and security by clean energy:

- 36% clean energy of the total domestic production, 66% clean energy contribution
- more than 20,000 jobs provided by the industry, at national level.
- 24 million tons of CO₂ avoided every year

¹ <https://www.iea.org/reports/world-energy-outlook-2019/electricity>

² <https://unece.org/sustainable-energy/cleaner-electricity-systems/nuclear-power>

Moreover, the project for development of small modular reactors that Romania is implementing can add to the regional energy security, through the example of good development and operation practices we propose. For more than 26 years, Romania has been internationally recognized for operating at high standards of nuclear safety and excellence, with Units 1 and 2 at the top, ranking 1st and 3rd among more than 440 nuclear units worldwide. Romania also enjoys a solid chain of suppliers in the nuclear industry, with more than 50 years of experience, an internationally acclaimed engineering school, as well as a professional and rigorous regulator (NCNAC). All these are assets allow Romania to take a leading position in the regional nuclear industry and become a hub for the development and assembly of components for small modular reactors, a training center for future operators, a regional operator of choice, and a supporter of countries that intend to develop a nuclear programme because they understand the long-term benefits of technology, but still lack the required nuclear experience for the time being.

We have already started this endeavour with the MoU signed with KGHM Poland in September 2022, whereby Nuclearelectrica would share its experience and lessons learned in 26 years of operation at a standard of excellence, and would provide KGHM with support in its first steps to deploy a safe, clean and innovative technology. Also, in the framework of COP27, which took place in November 2022 in Egypt, Romania brought up an example of leadership in living up to the commitment to help attain the decarbonization targets. The SMR special purpose vehicle of Nuclearelectrica (RoPower) and Donalam (part of AFV Beltrame Group) signed a Memorandum of Understanding for SMR implementation Romania and joined the UN Coalition for 24/7 carbon-free energy. The objective of this Memorandum of Understanding is to explore opportunities for cooperation and investment in support of developing the very first SMR project in Romania, which is likely to have a great impact on green steel production in Romania, the first of its kind across Europe. On the same occasion, the two companies joined the United Nations 24/7 Carbon-Free Energy Compact, undertaking to comply with the UN's 24/7 principles in support of the UN's goal of accelerating the electricity system, mitigating climate change and ensuring access to clean energy at affordable prices. By joining the UN 24/7 Carbon-Free Energy Compact, Nuclearelectrica and AFV Beltrame became members of a global community of organizations that work together to develop solutions to foster access to 24/7 carbon-free energy.

Growing a new generation of specialists

Nucleus of Excellence is Nuclearelectrica's platform for growing a new generation of specialists and is also a complex human resources strategy for strengthening the team, attracting and retaining highly skilled workforce.

In Romania, the nuclear industry currently provides approx. 11,000 jobs (of which approx. 2,500 jobs are provided directly in Nuclearelectrica), and this figure could increase up to 20,000 if new nuclear projects are kicked off (both the project for Units 3 and 4 and the SMR project).

The investments in the nuclear sector will support economic growth in the horizontal industry, will help retain a highly skilled qualified workforce, boost research, education and engineering, and give Romania a competitive edge in Europe.

In 2021, we recruited approximately 500 people, the same as in 2022.

SNN's human resources strategy does not stop at recruitment. We have in place and further develop traineeship, internship, scholarship and dual education programme with a view to growing a new generation of specialists in nuclear energy.

The Company's strategy focuses on identification of talents and employing efforts to retain them in the organization, identification of the current and future needs, development of partnerships with leading universities, enhancing the training of the existing workforce and building an organizational culture based on meritocracy and performance, where young people are seen as resources for the future.

Also, under sponsorship and CSR programmes, under the platform Nucleus of Care, Nuclearelectrica invests in educations.

Access to education is a right of every child and, in this sense, the company supports educational projects so that Romanian schools have better study conditions and offer as many opportunities as possible for the new generations.

Over the last 2 years (2021 and 2022), Nuclearelectrica supported 42 projects in education, with the total invested amount reaching RON 6.4 million.

The projects contribute to creation and development of the educational environment through actions of renovating and equipping schools, both with specialized laboratories (physics, chemistry, computer science, robotics, etc.), and in terms of online education, which requires the possession of digital equipment (tablets, laptops, video projectors, interactive whiteboards, screens etc.), so that the classrooms are properly and modernly equipped. Also, the company has partnerships with educational units for the renovation, expansion, modernization and rehabilitation of classrooms, laboratories, sports halls, etc. We also support career development and counselling projects for secondary and higher education students, so that they can discover their skills and make the best career choices.

Annually, the investment in CSR projects, via Nucleus of Care platform, is approx. EUR 2 million in educational, medical and environmental projects. In 2022, we supported 60 projects with impacted approximately 6 million people.

The Company's financial and production results at the end 2022, the operation and nuclear safety excellence, and the 1st place in the global ranking by capacity factor are the result of a complex management programme and sound corporate governance principles that aimed to maintain power generation at high performance level, implementation of smart financial policies and of a smart sales strategy that gave priority to nuclear safety in all decision-making. Relying on the Company's values and investment projects, our commitment is to reenergize Romania make a contribution to Romania's energy stability and independence, while adding value for the Company's shareholders and investors.

In the paradigm of decarbonization and sustainable investments, the importance that companies pay to the environment, human resources and corporate governance translates into their long-term role and development. As to international organizations, investors, ESG has become the standard term for responsible financing, responsibility for reducing the environmental footprint and care for all categories of company stakeholders. Whether the requirements are legislative (EU Directives, EU Sustainable Finance

Action Plan, EU Taxonomy) in nature, or simply document a firm interest in investing or a desire to boost the society, ESG has become a key assessment criterion in any decision-making process. Nuclearelectrica, in its turn, is part of the response to ensuring sustainability with the projects we run, by giving priority to ESG risk management. SNN is included in the utility category, and for us, as to the production activity, ESG is a critical component.

As to the impact on the environment, SNN has developed exhaustive environmental management system, rules, procedures, assessments and reports. For a nuclear producer, the environmental management system is a safeguard for continued operation. As to the environmental footprint, SNN avoids the release of 10 million tons of CO₂ every year; 205 million tons were avoided since commissioning, i.e. 33% of the national clean energy consumption. SNN implements investment projects with a vital role in decarbonization, amounting to approximately EUR 12 billion by 2031. While the production activity of SNN does not release any CO₂ emissions, we still invest in projects that reduce even more the footprint on environment.

From a social perspective, we rely on the value of the Company and our care for employees which also covers other categories of stakeholders, and we continue to constantly improve the working conditions, and our operations, occupational health&safety, and employees' rights and protection.

The human resource is a driving engine of the nuclear industry, and the safeguard for nuclear safety.

SNN makes a priority of corporate governance, a responsible management, independent internal structures to enhance and render governance more efficient, transparency in everything we do, and the anti-bribery system and certification.

Cosmin Ghiță
General Director

SNN in figures - GRI 102-7

2022 in figures - GRI 102-7	
Net profit	Lei 2,735,917 thousand
Operating income	Lei 6,499,025 thousand
EBITDA	Lei 3,557,872 thousand
EBIT	Lei 2,952,467 thousand
No. of employees	2,344
Tons of CO2 avoided in operation	10 million/2022, 205 million since commissioning
Amount invested in CSR	6,609,795.27

Data about the report

GRI 102-46, 102-50, 102-51, 102-52, 102-53, 102-55

SN Nuclearelectrica SA publishes its fifth sustainability report for the period 1 January 2022 - 31 December 2022, a year in which the Company continued to operate at the higher nuclear safety and productivity standards, continued to deploy investment projects, develop its raw material supply chain, completed the taking over of assets from Compania Nationala a Uraniului S.A., Feldioara Branch and paid increased attention to the environmental, social and corporate governance matters, as well as to their reporting to all stakeholders in order to foster understanding of how a producer of energy from nuclear sources operates.

This Sustainability Report was prepared in accordance with Directive 2014/95/EU of the European Parliament and the Council, in observance of the Guidelines on non-financial reporting (2017/C215/01), and contains non-financial information and data about the diversity of the Company's activities that is relevant, useful and applicable to a nuclear energy producer, such as SN Nuclearelectrica SA. The report also provides examples that allow all interested public categories to compare the relevant results year-by-year, in the form of performance indicators, by reference to the policies, procedures and authorizations applicable and used by SNN; the Global Reporting Initiative (GRI) Standard, the Core Option, the supplement specific to the energy sector and the nuclear generation sector. The 2022 Sustainability Report

also includes the Taxonomy Alignment Report, prepared based on the criteria laid down in the European Directive 2014/95/EU and the EU Regulation 2020/852.

The latest report dates from April 2022, with an annual reporting cycle related to each financial year.

The results and indicators shown in the report are consolidated for Nuclearelectrica, and the limit applies to all categories of information disclosed.

For more information about the report, comments, suggestions and clarifications, please contact the Investor Relations team at: investor.relations@nuclearelectrica.ro

Who we are

GRI 102-1, 102-2, 102-3, 102-4, 102-5c, 102-8

The National Company Nuclearelectrica S.A. (“SNN” or “the Company”) is a national joint stock company, managed under single-tier system, with headquarters in Bucharest, Sector 1, Strada Polonă, nr. 65, having two Branches without a legal personality. The main object of activity of the company is “Electricity generation” – NACE Code 3511 and is registered with the Trade Register under number J40/7403/1998, Unique Registration Code 10874881, tax attribute RO.

Currently, SNN is the only electric power producer based on nuclear technology from Romania, by Cernavodă NPP branch. By NFP Pitești branch, SNN also produces CANDU-type nuclear fuel bundles that are used to keep its own nuclear reactors in use.

SNN also holds 3 subsidiaries (

The Branch of Cernavoda NPP (Nuclear Power Plant), with its registered office in Cernavoda, Strada Medgidiei, nr. 2 and registered with the Trade Register under no. J13/3442/11.10.2007, ensures operation of the two functional CANDU Nuclear Units, as well as the management of all SNN assets of Cernavoda (Units 1 and 2 already in operation, Units 3 and 4 are in various stages of construction; for Unit 5, the Company's shareholders approved the change of initial application as early as March 2014, and this would be used to support the activities related to operation of Units 1 and 2, as well as the district heating system). Those two Units in service (Units 1 and 2) have an installed power of approximately 700 MW each (706.5 MWe Unit 1 and 704.8 MWe Unit 2), and are two of the most productive units worldwide, by capacity factor, of more than 440 units operating across the world (Unit 1 is ranked 3rd, and Unit 2 is ranked 1st).

The NFP (Nuclear Fuel Factory) Pitești Branch, with the registered office in Mioveni, Strada Câmpului, nr. 1, and registered with the Trade Register under no. J03/457/24.08.1998, produces CANDU fuel bundles for Units 1 and 2 of Cernavoda.

Unit 1 was commissioned in 1996, and Unit 2 in 2007. The two reactors provide approx. 20% of the power generated in Romania. The nuclear reactors at the two Units are of the CANDU 6 type, a model developed in Canada by Atomic Energy of Canada Ltd. This type of reactors is cooled and moderated with heavy water and use natural uranium as fuel. The initial site provided for the construction of 5 CANDU Nuclear Units.

Units 1 and 2 use approximately 11,000 bundles of nuclear fuel every year, each containing around 19 kg of uranium and generating approximately 10TW of power.

The Units 3 and 4 Project is in the first development staged, and is due to be completed in 2030-2031, when these units are expected to be put into operation.

Unit 5 is currently fully depreciated, because there is no plan to continue its construction; in March 2014, the Company's shareholders approved the use of Unit 5 for activities related to the operation of Units 1 and 2.

Nuclearelectrica also holds 3 subsidiaries and is actively involved in Special Purpose Vehicle set up for development of small modular reactors:

EnergONuclear Subsidiary is the Special Purpose Vehicle in charge of building, commissioning and operating Units 3 and 4 of Cernavodă NPP.

The Subsidiary Fabrica de Prelucrare a Concentratelor de Uraniu Feldioara processes the technical uranium concentrates to obtain the sintered UO₂ powders needed for production of the nuclear fuel bundles at NFP Pitești Branch.

The Subsidiary Nuclearelectrica Serv provides critical services that support the core business, i.e., production of electricity.

As of 2022, SNN also holds a 50% participating interest in RoPower Nuclear SA, the Special Purpose Vehicle set up to develop small modular reactors (SMRs) in Romania.

The staff was 2,344 in 2021.

SNN is a stability factor for the Romanian electricity market, both through base load delivery of electricity, and in terms of the predictable production cost.

The shareholding as at 31 December 2022

Type of shareholder	Number of shares held	% share capital holding
Romanian State - Ministry of Economy, Energy and Business Environment	248,850,476	82.4981%
Other shareholders	52,793,418	17.5019%
Total	301,643,894	100%

Mission, vision, values
GRI 102-16

NUCLEARELECTRICA

SNN VISION
We are building a sustainable future for tomorrow's generation

SNN MISSION
We generate clean energy at standards of excellence

SAFETY AND SUSTAINABILITY

CARE FOR EMPLOYEES

PROFESSIONAL EXCELLENCE

EMPATHY AND RESPONSIBILITY

SUSTAINABLE DEVELOPMENT

Markets the Company operates on GRI 102-6

SNN operates only on the Romanian market, as the only electricity generator from nuclear sources in Romania.

Electricity is sold based under the electricity generation license, as follows:

1. On the competitive market, under contracts for the sale and purchase of electricity:
 - i. on markets managed by the market operator OPCOM SA, with long-term delivery: CM-OTC, CMBC-EA-flex, and CMBC-CN; with short-term delivery: DAM (Day-Ahead Market) and IM (Intraday Market);
 - ii. under bilateral transactions with the Electricity Transmission and Distribution Operators and with an electricity supplier to ensure supply of consumers served in accordance with the provisions of the Government Emergency Ordinance no. 27/2022, as subsequently amended and supplemented;
 - iii. under a bilateral contract concluded with the supplier designated by the Government of the Republic of Moldova in order to ensure electricity supply safety for the neighbouring country, considering the exceptional situation caused by the effects of the war in Ukraine.
2. On the balancing market managed by Transelectrica SA, in case of positive imbalances.
3. Under energy supply contracts concluded with two consumers supplied directly from the facilities of Cernavoda NPP, based on the electricity production license.

In Cernavoda, SNN is the only producer that delivers heat in a centralized system, with the heat being delivered prevalingly to the local heat supplier, and, as of 2020, small quantities (approx. 0.5% of the heat sold) have also been sold to end customers/businesses.

Climate change - Role of SNN in attaining Romania's environmental goals GRI 102-16, EU-10

The targets assumed by Romania are ambitious and aim to reduce the CO₂ emissions by 55% by 2030, compared to the baseline year 2005. Romania also aims to reduce its dependence on energy imports from 20.8% today, down to 17.8% by 2030, which means sustained investments in generation capacities free of carbon emissions or transition capacities, with base load delivery to ensure stability for the national power system.

Currently, the two nuclear units contribute to Romania's energy security by supplying approx. 20% of the country's energy demand, but also to attainment of the decarbonization targets with the 205 million tons of CO₂ avoided since commissioning and to date (10 million tons of CO₂ avoided annually by operation of the two units of Cernavodă), and contribute 33% of the total clean energy of Romania.

By expanding nuclear capacity with two new CANDU units and a 6-module SMR power plant, nuclear energy will reach a 66% clean energy contribution of the total clean energy generated in Romania, with 24 million tons of CO₂ avoided annually and more than 20,000 jobs created. Thus, the share of clean energy delivered at national level from nuclear sources will increase significantly, thousands of new jobs are created and/or maintained directly and indirectly, and the communities and the industry develop.

Moreover, by developing SMRs, Romania will use a base load nuclear technology which is safe, financially affordable and completely free of CO₂ emissions, located on the sites of former coal-fired power plants, and will contribute to revitalization of those areas. Thus, SMRs will support the National Recovery and Resilience Plan of the Romanian Government to phase 4.59 GWe of coal-fired capacities by 2032.

Looking even further into the future, nuclear technology is already addressing the changes in consumer needs, becoming more flexible and easier to build in different areas, and safer to operate thanks to deployment of the state-of-the-art nuclear safety solutions for the environment and the population. Small modular reactors are the nuclear industry's response to the decarbonization requirements, which makes this technology easier to implement and operate in remote grid areas, industrial sites, etc. With an advanced technology within reach, SMRs enjoy increased passive safety systems that use fewer resources, such as fuel and cooling water, in order to safely operate and stop.

SNN's nuclear projects require investments of up to EUR 12 billion in the coming years. Their impact is quantifiable both in terms of both the increased supply security for Romania and the region, considering the unified European market which is estimated to reach a 15% interconnectivity by 2030³, as well as development of the related industries, the infrastructure, the research and development and the education.

The international studies and reports concluded that nuclear energy is an important pillar attainment of the global environmental targets. Some of these studies:

1. The JRC report⁴ (Joint Research Center, the scientific branch of the European Commission), published in March 2021 and later validated by two groups of independent experts (the Committee for Health, Environment and Emerging Risks - SCHEER of DG Sante/COM and the group of experts established under Article 31 of the EURATOM Treaty), concluded that "there are no scientific arguments to indicate that nuclear energy would affect human health and the environment more than other sources of power generation".

³ https://energy.ec.europa.eu/system/files/2020-04/ro_final_necp_main_ro_0.pdf

⁴

Grounds for including nuclear power in the Taxonomy:

- Lack of CO2 emissions;
 - 24/7 availability, no dependence on weather conditions;
 - Ensuring stability and availability of energy systems;
 - Ensuring a back-up for renewable sources, which are intermittent.
2. The Technical Expert Group on Sustainable Development (TEG), appointed by the European Commission (COM), produced in March 2020 a Technical Report that assesses and classifies the human activities, including energy, against the principles of sustainable development and access to sustainable financing: On the nuclear energy, the TEG Report highlights its substantial contribution to reducing the effects on climate. TEG states that, while nuclear power remains a contributor, an in-depth analysis of the nuclear lifecycle technologies and existing and potential environmental impacts must be done on all facilities, which JRC later did at the request of COM (see paragraph 1 of the JRC Report).
 3. On 6 July 2022, the Complementary Delegated Act (CDA)⁵ was adopted by the European Parliament to include nuclear energy and in the scope of the EU's Sustainable Financing Taxonomy. It came into force from on 1 January 2023.

CDA sets out a number of technical criteria for nuclear power and gas for access to private sustainable financing, and establishes a legal framework that provides long-term stability and predictability for the investments made in these strategic fields.
 4. Globally, according to the **data published in the McKinsey analysis**⁶ in January 2022, USD 275 trillion, or approximately USD 9.2 trillion/year, are the funds needed for physical assets during the transition period by 2050. Without investments in nuclear industry, the cost of transition to a sustainable economy increases by USD 1.6 trillion, according to the **report of the International Energy Agency (IEA)**⁷, published in May 2019.
 5. According to the **report of the International Energy Agency (IEA)**⁸, **in cooperation with the Nuclear Energy Agency (OECD-NEA)** of 2020 regarding the costs of electricity, the refurbishment of the nuclear units has the lowest electricity cost among all power sources - on average USD 32/MWh (compared to USD 50/MWh for wind power; USD 56/MWh for solar panels; USD 91/MWh for coal-fired power stations). The cost of power generated by new, large nuclear capacities is USD 69/MWh, while the cost of power generated by NuScale Small Modular Reactors (SMRs) is USD 64/MWh, at US labour costs.
 6. The conclusions of the **Intergovernmental Panel on Climate Change (IPCC)/UN**⁹, "Global Warming of 1.50 C", October 2018, show that nuclear power is essential to keep global warming

⁵ https://ec.europa.eu/commission/presscorner/detail/en/ip_22_4349

⁶ <https://www.mckinsey.com/business-functions/sustainability/our-insights/the-economic-transformation-what-would-change-in-the-net-zero-transition>

⁷ <https://www.iea.org/reports/nuclear-power-in-a-clean-energy-system>

⁸ <https://www.iea.org/reports/projected-costs-of-generating-electricity-2020>

⁹ https://www.ipcc.ch/site/assets/uploads/sites/2/2019/06/SR15_Full_Report_High_Res.pdf

below 1.50 C.

7. The **MIT (Massachusetts Institute of Technology) study**¹⁰ of 2018 proves that the decarbonization targets cannot be reached without nuclear energy.
8. The **UNECE (The United Nations Economic Commission for Europe) report**¹¹ published in August 2021 states that the use of nuclear energy has prevented emission of 74 gigatons of carbon dioxide over the past 50 years, the equivalent of the total global emissions related of the energy sector during a two-year period. The CO2 emission reduction targets cannot be attained unless nuclear energy is included in the energy portfolio intended at putting an end to climate change.
9. Nuclear energy is an important component also of the **Sustainable Recovery Plan**¹² **produced by the International Energy Agency and the International Monetary Fund** and launched in July 2020, both in terms of lifetime extension programmes and the new constructions particularly in the field of small modular reactors, with nuclear power qualified as irreplaceable for reaching the growth target in the aftermath of the economic crisis of 1.1% in the following years, providing economic support with creation of nine million new jobs and reduction of the CO2 emissions by 4.5 billion tons by 2030 compared to the base year 2019.
10. **NuclearEurope**¹³, **Pathways to 2050 Report, published in November 2021**, shows that if the share of renewable energy increases by 190% and the nuclear capacities installed across the EU remain unchanged by 2050, Europe will end up being 26% dependent on gas and 12% coal, both sources with CO2 emissions.
11. During COP 27, which took place in November 2022, in the official UNFCCC Side Bar event, **NuclearEurope launched the joint declaration of the global nuclear industry**¹⁴ emphasizing the essential role of nuclear energy in the current geopolitical context. Thus, NuclearEurope argues:
 - Nuclear power is a safe, affordable and clean energy source, available 24/7, with an extensive operating experience which has been contributing to the decarbonization of our economies for more than half a century and currently supplies over 10% of global electricity consumed.
 - Nuclear energy has the lowest lifecycle CO2 emissions per kWh of all energy sources (6 g/kWh)¹⁵ and uranium is abundant and well distributed around the world. The cost of fuel represents only a small fraction of the cost of the electricity generated, so nuclear energy can enable a stable cost of electricity for citizens, public administration, industry, agriculture and all other human activities which depend on electricity.
 - Under the current energy crisis and during the global pandemic, nuclear has proven its ability to generate electricity reliably and around the clock, ensuring the continuous resilient operation of critical services. Electricity produced from the existing fleet of nuclear power plants is extremely competitive and remains the option with the lowest levelized cost of electricity not only among low

¹⁰<https://energy.mit.edu/wp-content/uploads/2018/09/The-Future-of-Nuclear-Energy-in-a-Carbon-Constrained-World.pdf>

¹¹ <https://unece.org/sustainable-energy/cleaner-electricity-systems/nuclear-power>

¹² https://iea.blob.core.windows.net/assets/c3de5e13-26e8-4e52-8a67-b97aba17f0a2/Sustainable_Recovery.pdf

¹³ <https://www.nucleareurope.eu/press-release/role-of-nuclear-in-a-low-carbon-europe-updated-study-published/>

¹⁴ <https://www.nucleareurope.eu/press-release/joint-statement-cop27/>

¹⁵ <https://www.niauk.org/un-finds-nuclear-is-the-lowest-carbon-electricity-source/>

carbon sources, but among all energy sources. Nuclear new build projects are also cost competitive and the Small Modular Reactors (SMRs) currently under development will bring the additional benefit of lower upfront costs and shorter construction periods. Furthermore, large reactors, SMRs and Advanced Modular Reactors can provide a wide variety of non-electric applications such as clean hydrogen production, thermal power for district heating, desalination, industrial heat as well as complementing the variable nature of renewable technologies.

- Our global commitment to increase energy production from renewable energy sources will require additional dispatchable low-carbon capacities in order to balance our electricity grids. Global expertise and innovation in the nuclear field should be fully utilized in securing our current and future energy needs. The energy transition is not possible without maintaining and expanding the role of nuclear power.

Supply chain

GRI 102-9, 102-10

Purchase of raw material (technical uranium concentrate/uranium dioxide powder) → raw material processing (Feldioara Branch's processing line) → production of fuel bundles at NFP Pitesti Branch → use of bundles in Cernavoda NPP's reactors 1 and 2 → delivery of power produced by nuclear facilities into SEN.

The Resolution of the Ordinary General Meeting of SNN's Shareholders no. 5/25.04.2018 approved the strategy for diversification of the supply sources of raw materials required for production of nuclear fuel.

National Company Nuclearelectrica SA ("SNN") completed the takeover of the uranium concentrate processing line from Compania Nationala a Uraniului SA ("CNU"), Feldioara Branch, on 28 December 2022.

Under the GMS Resolution no. 5/25.04.2018, the "Strategy for diversification of the supply sources of raw materials required for production of nuclear fuel", 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 uranium octoxide (UO2), necessary for the manufacture of fuel bundles, is obtained. Through specific studies and optimal conditions for the purchase of uranium octoxide, SNN considered processing it at the Feldioara Factory with the uranium technical concentrate processing line being taken over by SNN from CNU.

Read in connection with the GMS Resolution no. 4/30.03.2020, the shareholders approved commencement of the procedures for the purchase of assets of Feldioara Branch of CNU, by direct negotiation, in accordance with the provisions of the Government Emergency Ordinance no. 88/1997 on the privatization of companies, and Law no. 44/1998, as subsequently amended and supplemented.

Further to the due diligence conducted, SNN identified the necessary assets due to be strategically integrated into its structure; thus, by completing this transaction, SNN integrated the entire manufacturing cycle of CANDU nuclear fuel.

The takeover of assets from Feldioara Branch was a two-stage process: **Contract signing date**, which occurred, according to the current report of SNN, on **18 March 2021**, and **Completion Date** on **28 December 2022**. Between the two stages, a number of prerequisites were provided, agreed upon and met for transaction closure. Thus, on the signing date, the general terms and conditions of the transaction were agreed and the prerequisites were set, and on the closure date, the sale and purchase contract was signed in authentic form based on the heads of terms set on the signing date.

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 in SNN and, to an equal extent, ensuring the production of fuel bundles and the optimal operation of NFP Pitesti 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. We point out that the valuation of the assets was performed in accordance with the International Valuation Standards and the land related to the processing line were granted to SNN under direct concession based on the Government Decision no. 1487 of 14 December 2022.

On 24 September 2021, the SNN subsidiary Fabrica de Prelucrare a Concentratelor de Uraniu-Feldioara SRL, was established, with the number in the Trade Register J8/2729/2021 and Single Code of Registration (CUI) 44958790.

Also, the Articles of Incorporation of SNN Feldioara Branch were approved under the OGMS Resolution no. 10/11.08.2021.

What we hold important GRI 102-16

Due to the need to speed up the response to climate change, nuclear energy has become an essential solution for decarbonation and a basic source of energy security, energy efficiency, social and economic development, innovation and talent fostering, which all also addresses the ESG challenges. SNN, as a company, develops internally and the national level, and gets actively involved at international level with a view to supporting the energy transition, and develops and deploys cutting-edge technical solutions able to help attainment of the environmental targets.

Given the critical role of nuclear energy both the transition towards a clean economy, and in attaining the decarbonization targets assumed by Romania, for Nuclearelectrica, the outlooks of 2050 lay ahead for SNN the following priorities, which are also the pillars of our current operation, development and contribution to a clean and sustainable economy:

- ❖ Safe, environmentally-friendly and employee and population protection-centered operation of Units 1 and 2 of the Nuclear Fuel Plant and of Feldioara Branch;

- ❖ Maintaining and developing the management system, including the environmental system, to cope with the future challenges raised by the major investment projects;
- ❖ Protection of the environment, staff and population;
- ❖ Development of SNN's investment projects in the defined timeline;
- ❖ □ Expanding the nuclear production facilities that do not generate CO2 emissions, which will contribute to reaching Romania's environment targets;
- ❖ Development of corporate governance as a coagulation and efficient integration process for all processes in SNN;
- ❖ Care for employees, collaborators and the population, by responsibly managing all operating and development activities;
- ❖ SNN stakeholder involvement in development of the Company and communicating of the SNN relevant aspects of governance, ethics and integrity to them;
- ❖ Development of a new generation of nuclear specialists to continue operation and development of nuclear projects and, implicitly development of multiple staff attraction, retention and training programmes;
- ❖ Ensuring supply security for the Romanian energy system, source availability in SEN, and backup provision for renewable sources, by and beyond 2050.

Strategic objectives

GRI 102-6

The company has defined its vision, mission, values and objectives in a coherent way.

Vision: We are building a sustainable future for future generations

Mission: We generate clean energy at standards of excellence

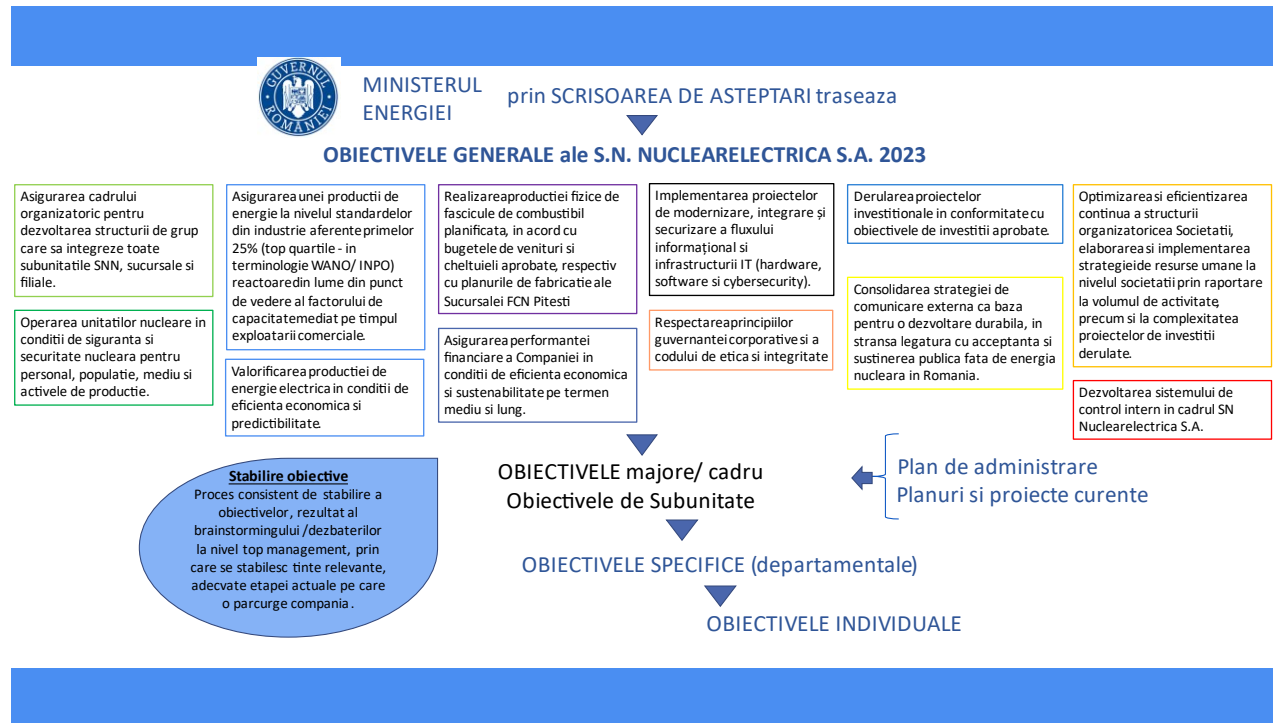
SNN values, which are also its strategic directions: safety and sustainability, professional excellence, sustainable development, care for employees, empathy, and responsibility.

The corporate governance of Nuclearelectrica, according to the Government Emergency Ordinance no. 109/2011, implies, as it is required also from a Company listed on the Bucharest Stock Exchange, that a set of key objectives is set by the governing authority, which, in our case, is the Ministry of Energy. These objectives set under the Letter of Expectations are public and are the basis for the cascading of both the general objectives and the specific (departmental) and individual objectives in Nuclearelectrica. i.e., our objectives.

The objectives under the Letter of Expectations touch upon all the key areas of Nuclearelectrica's activity, with an emphasis on nuclear safety and production, and have a two-fold purpose: to provide Romania with the necessary energy resources, particularly in the decarbonation context, as well as with highly specialized human resources in the long-run, but also to develop Nuclearelectrica and turn into a strategic company, with a regional role, further to the investment projects it deploys.

The overall goals depict a comprehensive picture of the annual objectives of SNN, which, in turn, are supported and attained under the annual plans and specific programmes. Together with the other major producers on the Romanian electricity market, SNN has the mission to ensure the satisfaction of the internal

demand for electricity, under specific conditions of nuclear safety of the installations and protection of the environment, population and its own staff.



The Board of Directors of SNN has the following duties:

Regarding the operation of nuclear units in nuclear safe and security conditions for the staff, population, environment and production assets:

- Maintaining maximum availability of the engineering and security functions.
- Improving/maintaining high professional training of the staff who operate the two nuclear units.
- Maintaining the radioactive releases in water and air below the regulated level.
- Maintaining membership of international nuclear energy organizations and, if necessary, membership of other organizations.
- Ensuring the oversight function.

In order to maintain electricity generation capacity above the industry average:

- Preparation of maintenance and repair plans to increase equipment and system reliability, and safely and securely operate the nuclear units.
- Development of lifecycle management programmes for Cernavoda NPP's components and systems (reactor, steam generator, turbogenerator, etc.).
- Continued programmes to replace the used and discontinued components and equipment.
- Performance of the mandatory annual inspection programmes on vital nuclear components (fuel canals, heat exchangers, etc.) in due time and at maximum quality.

- Maintaining the installed power usage capacity above the nuclear industry average.
- Deployment of the strategy to diversify the supply sources for the raw material needed to produce nuclear fuel.

Strategic major objectives:

- (1) Unit 1 Refurbishment Project
- (2) Project of Units 3 and 4
- (3) Small modular reactors

Development and implementation of these projects depends on adoption of decisions by the Romanian authorities, including a set of support measures: State guarantees for loans, contracts for difference, etc., identification and structuring of financing depending on a set of prior decisions by the Romanian authorities.

Regarding the optimization and efficiency of the organizational structure of the Company:

- Optimization considers the implementation of an organizational structure that allows maximization of the Company's capabilities as a fundamental element of the competitive edge sustainability.
- Development of a system for allocation of internal resources that allows maximization, efficiency and adequacy of uses leading to effective cost structures.
- In order to strengthen a Nuclear Safety culture, we aim to put in place an organizational structure based on clearly defined roles, elimination of inadequate role redundancy, objectives cascading, alignment of skills with the ever-changing current requirements, good corporate governance rules, a vertical and horizontal smooth communication system.
- Aligning the organizational structure with the other 3 dimensions of the organization: human resource, process system and technology.

As to maintaining/attracting highly skilled staff, under the conditions of a specialized labour market:

- Adoption of a human resources attraction, training and retention strategy.
- Implementation of cooperation programmes with the Politehnica University of Bucharest and with technical Faculties across the country, especially in the operating areas of SNN, adapted to the needs of the SNN staff in the medium and long run, for granting of scholarships.
- Implementation of information campaigns at national and local level in high-schools to attract young people both to enrol in specialized faculties (energy background) and to attract graduates of vocational schools.
- Development of internships for students and individual mentoring programmes for young employees.
- Adoption of specific HR measures to increase satisfaction of highly skilled staff and their retention, linked with the current and long-term needs of SNN.
- Implementation of a remuneration system based on individual performance further to an analysis of individual performance indicators.

As to the compliance with the principles of corporate governance and the code of ethics and integrity:

- Compliance with all legal provisions and recommendations of the Romanian capital market institutions as regards the corporate governance principles.
- A regular benchmarking against international entities and adoption of the best international practices.
- Zero tolerance for departures from the SNN's code of ethics.

As to responsible and active involvement in corporate social responsibility actions:

- Involvement in social responsibility actions at the local and national level in the following areas: educational and research, humanitarian and culture, and environmental.

For development/improvement of the reporting, control and risk management capabilities, and an increased attention to the investor relationships, SNN envisages:

- Integration/correlation of the corporate risk management processes and mechanisms (other than the operating ones addressed under the regulations, standards and practices of the nuclear industry) with the processes and mechanisms put in place to manage the risks related to the operating activities of the nuclear power plant, with a view to ensuring an adequate treatment of the risks the organization is exposed to, *i.e.* to ensuring complete treatment thereof.
- Revision, improvement and/or development (if appropriate) of corporate risk management processes and instruments, as well as the review and/or recalibration/ periodical adjustment of the risk management instruments (for example, internal procedures, algorithms and models, rating scales, risk profile, risk tolerance limit, operational and informational flows).
- Increase in the knowledge level of the Company's staff as regards the risk management, especially by carrying out of certain training sessions for the staff of SNN Headquarters, Cernavoda NPP and NFP Pitești.
- Improvement of the informational flows of information circulation relating to risks within the organization, both for the purpose of their better administration in locations where there is such an exposure, and of a better application of the principle of making informed decisions from the risk perspective (RIDM – Risk-Informed Decision Making).
- Development of an internal framework to ensure business continuity (BCM – Business Continuity Management).

Development and investments leading to reduction of the carbon footprint in accordance with the provisions of the Paris Agreement on climate change GRI 102-2, EU-10

1. SNN's medium and long-term investment projects amount to approximately EUR 12 billion.

Their impact is quantifiable both in terms of both the increased supply security for Romania and the region, considering the unified European market which is estimated to reach a 15% interconnectivity by 2030¹⁶, as well as development of the related industries, the infrastructure, the research and development, the education, and attainment of the decarbonization targets assumed by Romania.

The three major investment projects of SNN are complementary: refurbishment of Unit 1, the project of CANDU units 3 and 4 and SMRs, developed in partnership with the USA. The first two provide clean energy, in-band, implicitly security in the provision and availability of the energetic system, and the SMRs flexibility, the opportunity to protect economically and socially the areas with coal-fired power stations decommissioned, local development, workplaces. An essential balance will be struck between the power reactors and SMRs in terms of production and response to decarbonization and the energy system or local needs. More at: <https://www.nuclearelectrica.ro/ir/investment-projects/?lang=en>

2. REFURBISHMENT OF UNIT 1

CANDU reactors have an initial lifecycle of 30 years. Following a refurbishment process, this lifecycle may be extended by another 30 years, which Nuclearelectrica is doing at present within Unit 1, which was put into commercial operation in 1996.

U1 refurbishment started in 2017, with the first phase completed, during which the activities needed for U1 refurbishment were identified and defined, so that it operates another 30-year life cycle. The final output of this phase was preparation and approval of the feasibility study.

Stage 2 continued in July 2022 by signing the first agreement with Candu Energy, Member of SNC-Lavalin Group and the Unit 1 Design Authority and OEM (Manufacturer of original equipment) for CANDU technology.

As part of the contract, Candu Energy will offer engineering services for the development of the technical documentation for the purchase of the components with a long manufacturing cycle of the reactor, which will be replaced during the Refurbishment of Unit 1, within the process called "reactor retubing" (Replacement of Fuel Channels, Calandria Tubes and Fideri - ICCTCF). Also, Candu Energy will offer

¹⁶ https://energy.ec.europa.eu/system/files/2020-04/ro_final_necp_main_ro_0.pdf

engineering services to assess the condition of the set of specialized tools that will be used to replace the reactor components and to prepare the documentation for the acquisition of the components that require replacement/modification.

Stage 3 of the project will start at the end of 2026 upon shutdown of Unit 1 and consists in the effective development of the works within U1 Refurbishment Project in the unit plants, as well as its return to operation, for the purpose of commercial operation for a new operating cycle of 30 years, following year 2029.

Refurbishment of Unit 1 means another 30 years of operation after the year 2029, at less than half the cost of a new nuclear reactor. Concretely, this means another 30 years without CO2 emissions. In terms of costs, and implicitly of the subsequent impact on the market, a NEA-OECD¹⁷ study confirms that the extension of the lifecycle of nuclear units incurs the lower cost out of all sources, including CO2 renewable sources (USD 35) compared to wind power (USD 50) and solar power (USD 94).

3. PROJECT UNITS 3 & 4 (CANDU)

The strategy of continuation of CANDU Units (3&4) Project of Cernavoda Nuclear Power Plant, approved by SNN shareholders in 2021, shall be implemented in three phases, in compliance with the international experience in the construction of the nuclear power plant.

Phase 1, namely, the current one, started at the end of the year 2021, represents the preparatory phase, initiated by capitalization and operationalization of the project company, Energonuclear S.A. This phase shall last up to 24 months, during which a set of engineering and safety documentation will be prepared/updated, being needed for the start of the Project (update of the basic licensing documents, of the safety guidelines, of the projects variations related to nuclear safety, reassessment of the existing civil structures etc.), needed for the substantiation of a preliminary investment decision.

Within such phase, on 25 November 2021, Energonuclear S.A., the project company, signed the first agreement with Candu Energy, Member of SNC-Lavalin Group and the Design Authority and OEM Candu (the Original Manufacturer of Candu Technology) for the Project. Under the agreement, CANDU Energy shall provide engineering services for the preparation and update of the documentation needed for the start of the Project of CANDU Units 3 and 4. The completion deadline of such phase is Q2 2023.

Phase 2 of the project (Preliminary Works) consists in the execution of the preliminary works and it is expected to last up to 30 months. This phase shall consist in the preparation of critical engineering ("Limited Notice to Proceed - LNTP") for defining the project, the structuring and contracting the financing and agreeing an adequate contractual architecture for the Project implementation, obtaining the Nuclear Safety License for the construction, the reassessment of the Project feasibility based on certain technical and economic indicators updated and the adoption of the Final Investment Decision (FID), for passing to Phase III (Construction).

¹⁷ <https://www.iea.org/reports/projected-costs-of-generating-electricity-2020>

Phase 3 of the Project, expected to last 69-78 months, consists in mobilizing the construction site, start of the construction works, putting into service and commercial operation of Unit 3 in 2030 and of Unit 4 in 2031.

The intent of the Romanian State and of SNN, in compliance with the new strategy, is to perform such project in an Euro Atlantic consortium according to the Agreement of the Romanian Government and of the Government of the United States of America regarding cooperation in relation to the nuclear and energetic projects from Cernavoda and in the civil nuclear energy field from Romania. Furthermore, within the new development strategy, according to the data obtained from the analyses related to phase 1 and partially to phase 2, the financing structure shall also be established.

Within COP 27, US Exim Bank announced the issue of two expressions of interest for financing the technical services provided by USA in relation to 3 and 4 Units from Cernavoda, developed by the subsidiary of National Company Nuclearelectrica S.A.

Based on the preliminary information presented, EXIM could take into consideration the financing up to USD 50 million from the USA export contract for technical pre-project services as a part of the Engineering Multiplier Program (EMP) during the second phase of the project. Subsequently, during phase III of the project, it could take into consideration the financing up to USD 3 billion from the USA export contract for engineering and project management services for the agreement of completion of Units 3 and 4 of Cernavoda nuclear power plant.

4. SMALL MODULAR REACTORS (SMR).

Nuclearelectrica has commenced development of SMR (small modular reactors) power plants, relying on the American NuScale technology, with 6 modules, 462 Mwe. The NuScale base load technology, which is safe, affordable, and CO₂-free, will be developed on the site of former coal-fired power plants and aims to help Romania attain its targets to phase-out the polluting energy sources and have them replaced by clean energy sources. Since execution of the MOU with NuScale back in 2019, Nuclearelectrica has constantly worked to develop this project:

- March 2019, Nuclearelectrica and NuScale signed a Memorandum of Understanding (MOU) in order to assess the development, authorization and construction of a small modular reactor (SMR) in Romania.
- 9 October 2020, Romania signed an Intergovernmental Agreement (IGA) with the United States of America in the field of nuclear energy, which was also ratified by the Romanian Parliament according to Law no. 199/2021, enjoying broad support and being adopted by a majority of votes.
- Moreover, in October 2020, US Exim Bank expressed, through a Memorandum of Understanding (MoU) with the Ministry of Energy of Romania, its interest in financing major energy investment projects in Romania, including the nuclear field, with a total value of USD 7 billion.
- 4 November 2021: NuScale and Nuclearelectrica entered into a cooperation agreement during at COP26 (UN Conference on Climate Change) to advance implementation of the first small modular reactor in Europe, in the presence of the Romanian Minister of Energy, Mr. Virgil Popescu. The importance of the strategic partnership between the US and Romania and the role of SMRs were highlighted in their speeches

delivered at COP26 by the US Secretary for Energy Jennifer M. Granholm, the US Secretary of the Department of Energy, the Special Envoy of the US President for Climate John Kerry, the President of Romania Klaus Iohannis, and the US President Joe Biden.

- At the beginning of 2021, Nuclearelectrica received USD 1.2 million from USTDA to identify and assess potential sites for small modular reactors. In May 2022, following the completion of the study, several potential suitable sites were identified. The site of the former thermal power plant of Doicești, County of Dâmbovița, Romania, was selected as a candidate site for further in-depth surveys and developments.

- 24 May 2022, Nuclearelectrica, NuScale and Nova Power & Gas (the owner of the site) signed a Memorandum of Understanding (MOU) to analyse the development of the first small modular reactor (SMR) in Romania on the site of the former thermal power plant in Doicești, Dâmbovița county.

- June 2022, the US President Joe Biden announced allocation of grant of USD 14 million for the next development stage of the Romanian NuScale small modular reactors - the preliminary Front-End Engineering Design (FEED) for the Romanian SMR project. FEED study consists in a series of engineering and design activities and studies, technical analyses of the site, as well as licensing and authorization activities to be carried out on the site of the former power plant from Doicești, in compliance with all international and national standards. Furthermore, within the FEED study, the IAEA recommendations stemming from the IAEA's Site and External Events Design (SEED) mission, carried out in August 2022 at the request of Nuclearelectrica, will be applied.

- September 2022, Nuclearelectrica SA and Nova Power & Gas SRL launched RoPower Nuclear SA, the project company for development of small modular reactors in Romania, on the site of the former coal-fired power plant of Doicești, County of Dâmbovița.

- October 2022, the US Trade and Development Agency (USTDA) extended a grant of USD 14 million to RoPower Nuclear SA (RoPower), the project company recently established by Nuclearelectrica and Nova Power & Gas for development of small modular reactors. The grant shall be used for the Front-End Engineering Design (FEED) in order to advance the project for the development of the first SMR nuclear plant in Romania.

- December 2022, NuScale and the Romanian company RoPower Nuclear SA (RoPower) signed the contract for the Front-End Engineering Design (FEED) works.

The FEED works that NuScale will start kick off define the main and specific site characteristics for a VOYGR-6 SMR plant that could be developed on the site of Doicești power plant, Romania. The 8-month project covers environmental impact assessment and subsoil geotechnical analyses, site assessment and an assessment of the specific site requirements for the standard design of the NuScale power plant and estimation of the project-specific costs.

5. SOCIAL AND ECONOMIC EFFECTS AND ENVIRONMENTAL FOOTPRINT

Targets assumed by Romania:

- to **reduce the CO2 emissions by 55% by 2030**, compared to the baseline year 2005;
- to reduce its dependence on energy imports from 20.8% today, down to 17.8% by 2030, which means **sustained investments in generation capacities free of carbon emissions or transition capacities, with base load delivery to ensure stability for the national power system;**

- to **reduce the coal-based power generation down to 4.59 GWe by 2032**, which means to replace these sources by other clean energy sources.

The two nuclear units that we operate contribute to Romania's energy security, but also to attainment of decarbonization targets with

- **1,400 MW installed**
- **18-20% of the consumption demand**
- **33% of the total clean energy in Romania**
- **205 million tons of CO2 avoided** since commissioning and to date (**10 million tons of CO2 avoided annually** by operation of the two units of Cernavoda)
- **11,000 job in the industry**

Expansion of the nuclear capacity with 2 new CANDU units in Romania

- **66 % clean energy contribution**
- **20 million tons of CO2 avoided annually**
- **over 19,000 jobs**

Adding also SMR implementation:

- **462 MW installed**
- **4 million tons of CO2 avoided annually**
- **Replacement of coal-fired power plants**
- **2,100 jobs**

MATERIALITY MATRIX - WHAT MATTERS TO US AND OUR STAKEHOLDERS

1. OUR ESG PRIORITIES

1.1 ENVIRONMENT

- Since commissioning of Units 1 and 2 of Cernavoda NPP, we have avoided 205 million tons of CO2,
- We supply 33% of Romania's clean energy
- We invest in projects to reduce our environmental footprint even more
- We constantly act to protect the environment with an exhaustive environmental management system, measurement, external environmental audits, and reporting

1.2 TARGETS

- To avoid 10 million tons of CO2 every year by current operation
- To double the percentage of clean energy, with investment projects with a reduced CO2 footprint after 2031, from 33% now to 66%
- To implement out the Tritium Removal Plant Project before the shutdown of Unit 1 for refurbishment in order to minimize the environmental impact

- To maintain and constantly develop the environmental management system, including implementation of ISO 9001
- To continue and develop new programmes and internal measures to render energy consumption more efficient and digitized, implicitly the CO2 emissions - Scope 3

1.3. SOCIAL

- We constantly invest in identification, attraction, retention, training and mentoring for the growth of a new generation of specialists (we hired 500 people in 2021, approximately 400 in 2022, and we target a similar figure in 2023), and we thus are one of the most active recruiters in Romania
- We constantly develop the HR strategy and policies to ensure full respect for human rights, equality, inclusion, diversity and a motivating work environment; to these add the continuous development of nuclear safety and application of the international principles specific to a nuclear operator to insert Staying on Top Wheel.

SNN adopted the WANO (World Association of Nuclear Operators) & INPO (Institute of Nuclear Power Operations) principles of the continuous improvement culture "Staying on top", and embedded them in the organizational culture and the nuclear safety culture put in place in SNN.



- We are concerned about protection of our employees and collaborators, the development of an ethical, principle-based business, with zero tolerance for corruption practices
- We are actively involved in community development through a structured CSR programme based on the needs of the Romanian society

1.4. TARGETS

- To increase the number of employees, and implicitly train of a new generation of specialists and cultivate talents under various training programmes: dual school, internship, scholarships, visits and participating in trainings, mentoring programmes etc.
- To maintain and constantly develop the rights, protection and motivational factor of our employees
- To develop communities by investing at least RON 10 million every year in social responsibility projects

- To keep the diversity rate at minimum 81%
- To apply the internal and external code of ethics in order to support cultivation of a principle-based, fair and transparent culture in all work relations

1.5. GOVERNANCE

- Pursuant to the Government Emergency Ordinance no. 109/2011, we observe and develop the corporate governance principles: responsibility of management in all Company's processes and activities, anti-fraud policy, risk management, and digitization
- We rank the operating and production procedure and protection of infrastructure and assets based on priorities

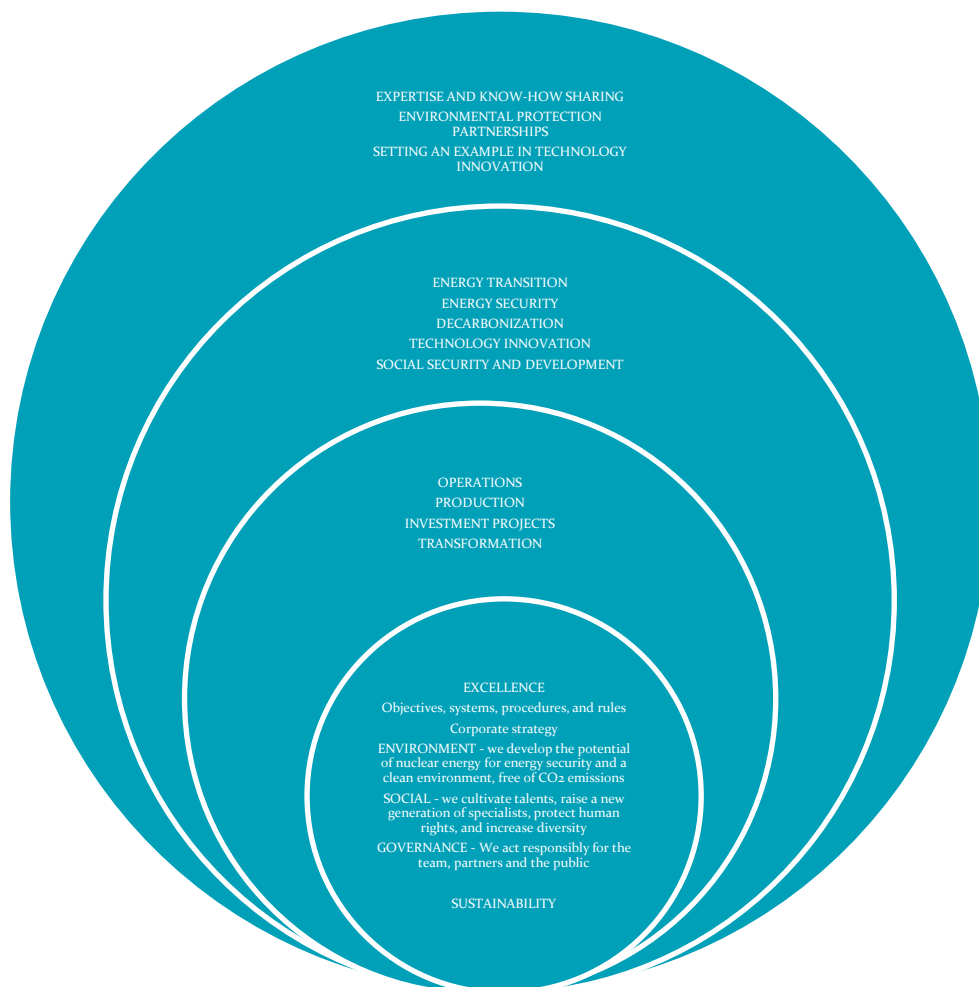
1.6. OBJECTIVES

- To increase diversity in the administrative and executive management in compliance with the provisions of Government Emergency Ordinance no. 109/2011
- To maintain and develop the risk system by reference to the Company's development trend
- To maintain and develop anti-corruption policies, based on good international practices
- To increase interaction with stakeholder and with local communities
- To permanently ensure the nuclear safety of the nuclear assets as a safeguard for all processes and activities in the Company

2. ESG IN THE CORPORATE DEVELOPMENT STRATEGY

SNN management have a holistic approach to inclusion of the ESG criteria into the Company's strategy and development plans. This holistic approach is broken down across the entire Company and SNN collaborators into established processes and procedures, and particularly into objectives and targets cascaded from the overall objectives of SNN, down to individual level, through KPIs. SNN has in place an ESG Task Force in charge of assessing and developing the ESG principles and measures.

One of our values is sustainability; this is also a strategic action direction. In everything we do, whether it is about operation or production, internal development, investment projects, environmental management programmes, , assets, HR, code of ethics and anti-corruption policy, the aim is to bring added value and development for the Company and its shareholders, in order to be able to provide clean energy and energy security for the Romanian power system.



1.3 MATERIALITY MATRIX: WE TAKE INTO ACCOUNT THE INTERESTS OF OUR STAKEHOLDERS AND LINK THEM WITH OUR INTERESTS

We consider the environmental, social and governance indicators to be material when these, by reference to different categories of stakeholders, have the ability to impact the Company's contribution at internal, external-societal and environmental level.

We consult our stakeholders in order to assess, quantify and introduce ESG indicators that give value and reflect the Company's activities and projects, but simultaneously support the stakeholders' interest in short, medium and long-term development.

In order to develop the materiality matrix in 2022, we consulted institutions, non-governmental organizations, media, education institutions and business partners.



RATIOS

M1 Environmental protection commitment	M23 Impact on biodiversity
M2 Monitoring and control of emissions related to a nuclear producer	M24 CSR projects with beneficial impact on the environment
M3 Nuclear safety	M25 Environmental programmes
M4 Development of investment projects with environmental impact by reducing CO2 emissions: refurbishment of Unit 3 within Cernavoda NPP, the Project of Units 3 and 4, Small Modular Reactor Project, Tritium Removal Plant	M26 Staff training for awareness of environmental issues
M5 Reducing CO2 emissions	M27 Decommissioning
M6 Commitment to the efficient use of environmental resources	S28 Continuous training
M7 Emissions and air pollution	G29 Responsibility and transparency of the managerial act
M8 Risks related to climate changes (severe weather conditions) on operations	G30 Risk management related to current operations, investment projects and ESG factors
M9 Waste management and storage	S31 Non-discrimination
S10 Commitment to reduce and eliminate anti-bribery and corruption practices	S32 Community consultation mechanisms
M11 Reduction of non-GHG emissions	S33 The rights of employees and their continuous development
M12 Identification of products, activities and services that have an impact on the environment	S34 Human rights
S13 Whistleblower system	S35 Diversity, talent recruitment, development of initiatives to increase the degree of diversity
S14 Digital security	M36 Internal and external environmental audit
M15 Adaptation and risk control initiatives regarding climate change	M37 Raw materials supply chain
M16 Monitoring and controlling the use of water resources	S38 Gender equality
M17 Circular economy and innovation	G39 Increasing the percentage of turnover, Capex and Opex dedicated to sustainable activities
S18 Health and safety at work through commitment, procedures, training, monitoring, corrective and improvement measures	S40 Minimum wage
S19 Risks related to human rights, labor rights, environmental risks and anti-corruption risks	S41 Financial and non-financial community development programs
M20 Responsible use of water resources	M42 Assets maintenance programs
M21 Establishing objectives, targets and impact control deadlines	S43 Freedom of association and collective bargaining
M22 Corrective actions and stimulation of continuous improvement	S44 The rights of the indigenous population and of refugees and immigrants
	G45 Business principles and the code of ethics
	S45 Forced labour

Corporate governance
GRI 102-18, 102-22, 102-23, 102-24

1. GENERAL MEETING OF SHAREHOLDERS.

SNN’s corporate bodies, a company managed under single-tier system, are structured as follows: The General Meeting of Shareholders is the ultimate decision-making forum of the Company, and the Board of Directors.

Under the Resolution of the SNN’s Ordinary General Meeting of Shareholders no. 1 of 27 January 2021, shareholders took note of the Updated Regulation on the organization and performance of the General Meetings of Shareholders, accommodating the legislative amendments.

The updated Regulation on the Organization and Performance of SNN’s GMSs documents all amendments and supplements to the legal provisions laid down in the FSA Regulation no. 5/20218, Law no. 24/2017 on the issuers of financial instruments and market operations, republished, as subsequently amended and supplemented, BSE Governance Code, Law 31/1990 of the Companies, and Government Emergency Ordinance no. 109/2011 on corporate governance of public enterprises, as subsequently amended and supplemented.

The updated Regulation on the Organization and Performance of SNN's GMSs is posted on the SNN website under the section dedicated to the General Meetings of Shareholders.

1.1 General Meeting of Shareholders (GMS)

The General Meeting of Shareholders is the main corporate governance body of the Company, and decides on the activity and financial and business policy of the Company. SNN has devised and put in place sound internal procedures for organization and performance of the GMSs, as well as rules that govern its legal and statutory activity, in accordance with the Articles of Incorporation and the applicable legislation. As to its structure, depending on the matters that require approval by shareholders, the General Meeting of Shareholders can be ordinary or extraordinary.

1.2. Ordinary General Meeting of Shareholders (OGMS)

The powers and duties of the Ordinary General Meeting of Shareholders (OGMS) include:

- ❖ To discuss, approve or amend the annual financial statements, based on the reports submitted by the Board of Directors and the financial auditor;
- ❖ To decide on the distribution of the net profit and to fix the dividend;
- ❖ To elect and revoke the members of the Board of Directors;
- ❖ To appoints and dismisses the financial auditor and to set the minimum term of the financial audit agreement;
- ❖ To set the general limits of the remuneration paid to the CEO and Executives;
- ❖ To set the remuneration of the members of the Board of Directors, as well as the terms and conditions of the mandate contract concluded with the members of the Board of Directors;
- ❖ To resolve on the discharge of office for the members of the Board of Directors;
- ❖ To approve the development strategies and policies of the Company;
- ❖ To set the annua income and expenditure budget for the next financial year;
- ❖ To decide on the pledging, renting or setting up security interests in movable property or mortgages on the assets owned by the Company;
- ❖ To approve the reports of the Board of Directors on the activity carried out;
- ❖ To decide on any other matters concerning the Company, according to their legal duties and powers; however, provided that these matters fall within the scope of powers of the General Meeting of Shareholders;
- ❖ To review and address other matters presented by the Board of Directors;

- ❖ To approve the remuneration policy for the heads of units, as well as in case of any material change and, in any case, at least once every 4 years;
- ❖ To submit to vote the remuneration report for the latest financial year; the shareholder opinion from the vote is advisory in nature.

1.3 Extraordinary General Meeting of Shareholders (EGMS)

The main powers and duties of the Extraordinary General Meeting of Shareholders (EGMS) are:

- ❖ To change the legal status of the Company;
- ❖ To relocate the Company's offices;
- ❖ To amend the Company's scope of business;
- ❖ To set up or close secondary offices: branches, agencies, representation offices or other similar unincorporated units;
- ❖ To increase, reduce or reinstate the share capital by issuing new shares;
- ❖ To merger with other companies, or spin off, the Company;
- ❖ To early wind up the Company;
- ❖ To issue bonds;
- ❖ To convert shares from one category to another;
- ❖ To convert a category of bonds into another category or into shares;
- ❖ To stay the shareholders' right of preference to subscription of new shares issued by the Company;
- ❖ To authorize acquisition by the Company of its own shares and to set the term for this acquisition, in particular the maximum number of shares to be acquired, and, for acquisitions for a consideration, their minimum and maximum consideration and the period of the operation, in observance of the law; also, to set the means of disposing of the own shares acquired by the Company;
- ❖ To acquire, dispose of, exchange or pledge assets of the Company qualified as plant, property and equipment, the value of which exceeds, individually or cumulatively, during one financial year, 20% of the total fixed assets of the Company less the receivables;
- ❖ To lease out tangible assets, for a period of more than one year, whose individual or cumulative value related to the same co-contractor or persons involved or acting in a concerted manner exceeds 20% of the total value of the fixed assets, less receivables at the date of conclusion of the legal act, as well as joint ventures for a period of more than one year, exceeding the same value;
- ❖ To approve any other amendment to the Articles of Incorporation or pass any other resolution which requires approval of the Extraordinary General Meeting of Shareholders;

❖ To approve the term of office of the representatives of SNN in the General Meeting of Shareholders of S.C. Energonuclear S.A. for:

- winding up and liquidation of Energonuclear S.A.;
- making any investment by Energonuclear SA that exceeds EUR 50,000,000 (EUR fifty million) in one single transaction, and/or that exceeds EUR 50,000,000 (EUR fifty million) aggregately with other transactions in any financial year;
- conclusion by Energonuclear SA of any contract involving expenses or taking up any important obligation by Energonuclear SA that exceeds EUR 50,000,000 (EUR fifty million), individually or cumulatively, during one single financial year;
- any actual or proposed sale, any other disposal of any assets or rights of Energonuclear SA, any actual or proposed acquisition of any assets or rights by Energonuclear SA that exceeds the aggregate amount of EUR 50,000,000 (EUR fifty million);
- contracting by S.C. Energonuclear S.A. of any type of loans or debts or liabilities of the loan type, with a value exceeding EUR 50,000,000 (EUR fifty million).

In addition to the powers and duties listed above or laid down under law, the Extraordinary General Meeting of Shareholders resolves also on the following matters:

- ❖ Conclusion by the Company of any contract, taking up of any obligation or commitment that could involve expenses, or taking up any other important obligation by the Company, according to the limits of power provided in Annex no. 1 to the Articles of Incorporation;
- ❖ Taking up the Company of any type of loans or debts or obligations of the loan type according to the limits of powers provided in Annex no. 1 to the Articles of Incorporation;
- ❖ Establishment or participation in establishment of companies regulated by the Law of Companies no. 31/1990, or of associations or foundations regulated by the Government Ordinance no. 26/2000 on associations and foundations;
- ❖ Delegation to the Board of Directors of the power to stay the right of preference, in compliance with the quorum and majority conditions;
- ❖ Approval of the consolidation of the nominal value of a share;
- ❖ Approval of the Board of Directors' proposal concerning the value of a consolidated share to be used for calculation of the compensation amount;
- ❖ Provision of information about the amounts payable to shareholders, approval of payment terms and conditions, as well as approval of calculation instructions to be made available to shareholders;
- ❖ Authorization of the Board of Directors to amend the Articles of Incorporation further to consolidation of the nominal value of the shares, performance of all the necessary operations for registration and amendment of the Articles of Incorporation in the Trade Register.

1.4 Quorum and majority requirements

The quorum will be reviewed by the chairman of the meeting for each individual resolution, prior to casting the vote on that resolution.

(a) OGMS

For the first convening of the Meeting, the quorum requirements are met when shareholders representing at least 1/4 of the total number of voting rights are present or represented in the Meeting. Resolution can be validly passed with the "for" vote of the shareholders representing the majority of the votes cast. For the second convening, the Meeting can decide on the matters included on the agenda of the adjourned Meeting, regardless of the number of shareholders present, by the vote of the shareholders representing the majority of the votes cast.

(b) EGMS

For the first convening of the Meeting, the quorum requirements are met when shareholders representing at least 1/4 of the total number of voting rights are present in the Meeting. Resolutions can only be passed with the majority of the votes held by the present or represented shareholders. For the second convening, the Meeting can decide on the matters included on the agenda of the adjourned Meeting, when at least 1/5 of the total number of voting rights are presented or represented, and resolutions are passed with the majority of the votes held by the present or represented shareholders.

Any resolutions that amend the main scope of business of the Company, reduce or increase its share capital, change its legal status, or merge, spin-off or wind up the Company will be passed with a majority of at least 2/3 of the voting rights held by the present or duly represented shareholders.

1.5 GMS convening

The General Meeting of Shareholders is convened to meet by the Board of Directors. The General Meeting of Shareholders, whether ordinary or extraordinary, will be convened whenever necessary, in accordance with the legal provisions and the provisions of the Articles of Incorporation, by publishing the call notice in the Official Gazette of Romania Part IV, and in a national daily newspaper or in a widely circulated newspaper of the locality where the Company's registered office is located, at least 30 days before the set date, as well as on SNN's website. All information will be disseminated in both Romanian and in English.

The General Meeting of Shareholders can be convened in the following instances:

- (i) Whenever the case, further to a decision of SNN's Board of Directors, by the Chairman of the Board of Directors or a member thereof, based on the authorization issued by the Chairman;
- (ii) At the request of the shareholders representing, individually or together, at least 5% of the share capital, and if this request concerns duties or powers of the Meeting.

The Ordinary General Meetings of Shareholders is held at least once a year, in not more than 4 (four) months of the end of the financial year, in order to review the financial statements of the previous year and determine the activity programme and the budget of the current year

The meeting date cannot be set earlier than thirty days of publication of the convening notice in the Official Monitor of Romania, Part IV.

Pursuant to the applicable provisions (Law no. 31/1990, Government Emergency Ordinance no. 109/2011, Regulation no. 5/2018) and the provisions of the Articles of Incorporation, the GMS Call Notice includes at least the following information:

- ❖ Name of issuer;
- ❖ Start date and time and venue of the first and adjourned GMS;
- ❖ Proposed agenda, explicitly listing all the matters to be debated in that Meeting;
- ❖ A clear and accurate description of the proceedings to be observed by shareholders in order to be able to participate and cast their vote in the General Meeting, plus information about:
 - The right of one or more shareholders, representing alone or together with other shareholders at least 5% of the Company's share capital, to introduce matters on the agenda (based on a reasoning), in not more than 15 days of publication of the call notice, and to submit draft resolutions for the matters included or proposed to be included on the agenda of the General Meeting. The agenda supplemented by the matters proposed by shareholders must be published at least 10 days before the date of the General Meeting of Shareholders set out in the initial call notice.
 - Express indication of the fact that the right to vote can be exercised directly, through a representative or by post, and the terms for such exercise. When the vote is cast by proxy (by representation), it will be considered that the power of attorney forms (special and general) must be used for this type of vote. Method of obtaining the special/general power of attorney form for representation in the GMS, the time-limit and the place where the powers of attorney will be submitted/received, as well as methods for the Company to accept notification of representative appointment by electronic means and procedures that allow postal vote.
- ❖ Reference date, as well as indication of the fact that only people who are then shareholders have the right to participate and cast votes in the General Meeting;
- ❖ A time-limit for making proposals of candidates for the director offices, when the election of directors is included in the agenda. The call notice will also indicate that the list with information about the name, place of residence and professional qualification of the persons proposed for the office of member of the Board of Directors is available to the shareholders for examination and supplementation;
- ❖ The place where the full text of documents and draft resolutions, plus any other information about the matters out on the agenda of the General Meeting can be obtained from, and the date as of which these will be available, as well as the procedure to be followed in this regard;

- ❖ When the agenda includes proposals of amendment of the Articles of Association, the notice to attend shall also render the full text of such proposals;
- ❖ Company's website address;
- ❖ Proposal of registration date;
- ❖ Proposal of ex-dates and, if applicable, proposal of date of payment;
- ❖ Express indication of the fact that the right to vote can be exercised directly, through a representative based on a special or general power of attorney, or by post, and the terms for such exercise;
- ❖ Manner of distributing the postal ballot and the special power of attorney form for representation in the GMS, as well as the date as of which these are available;
- ❖ Time-limit for, and the where special powers of attorney and postal ballots must be sent/received;
- ❖ Indication of the exact address where special powers of attorney and postal votes are to be sent to;
- ❖ The fact that significant shareholders have the right to opt for the application of poll vote method for the election of the members of the Board of Directors, when this matter is put on the GMS agenda in accordance with the provisions of Article 85 of Law no. 24/2017, republished.

The call notice, any other matter added to the agenda at the request of shareholders, the annual financial statements, the annual report, as well as the proposal of dividend distribution are made available to the shareholders at the Company's registered office as of the date when the General Meeting is convened, and are published on the website, so as to ensure the free access to information for shareholders. At request, copies of these documents can be issued to shareholders

Shareholders representing individually or together at least 5% of the Company's share capital can request, under an application filed with the Board of Directors, introduction of new matters on the agenda, and/or can submit draft resolutions for the matters thus included on the agenda; however, in not more than 15 days of publication of the call notice. The agenda supplemented by the matters proposed by shareholders must be published at least 10 days before the date of the General Meeting set out in the initial call notice.

Each shareholder can ask the Board of Directors written questions about the matters put on the agenda of the General Meeting of Shareholders, before the date of the General Meeting, and these will be answered during the Meeting. The Company is the obligation to answer the questions asked by shareholders. The Company can word a general answer for questions with the same content. An answer is deemed to have been provided if the requested information is published on the Company's web page www.nuclearelectrica.ro in a question-answer format.

In accordance with the capital market regulations, the draft resolutions subject to approval by the GMS, together with the other supporting materials, are published on the Company's website as of the call notice publication date.

1.6 GMS performance procedure

SNN has devised and put in place internal regulations for organization and performance of GMSs, which place specific duties concerning GMS organization on the different structures and departments of the Company. These aim to regulate the entire internal flow of documents and information, procedures and logistics, as well as the external process that consists in provision of accurate information to the Company's shareholders about the matters due to be addressed in the convened Meetings.

Shareholders can participate and cast votes in the General Meeting by proxy, based on a special or general power of attorney issued for that General Meeting or for a period not exceeding 3 years. The proxy may not be replaced by another person. When the proxy is a corporate body, they can exercise this mandate through any person who is part of their governance or management body, or one of their employees.

Corporate bodies may be represented by their legal representatives who, in turn, can issue powers of attorneys for that General Meeting to other persons. As to the State, the relevant ministry can appoint its standing representatives in the General Meeting of Shareholders, in compliance with the aforementioned legal requirements and conditions

In addition to the regulation for organization and performance of GMSs, SNN abides as such also by the legal provisions that regulate the GMS performance for listed companies

In not more than 24 hours of the date of the General Meeting, the Company prepares a current report to briefly present how the General Meeting is going to be held, and how resolutions would be passed therein. This report will be disseminated to the capital market institutions, i.e., BSE, and will be published on the Company's website.

1.7. Rights and duties of shareholders

The Company's shares are registered, of equal value and issued in dematerialized form, by registration in the account, and entitle their respective holders to equal rights

Each share subscribed and paid up in full entitles to equal rights and grants them one vote in the General Meeting of Shareholders, the right to elect and be elected in the management bodies, the right to participate in profit distribution according to the provisions of the Articles of Incorporation and the legal provisions, as well as other rights provided by the Articles of Incorporation and the legal provisions.

The shares issued in dematerialized form are traded on a regulated market, in accordance with the stock market legislation. The rights and obligations attached to shares follow the shares, when these are transferred to other persons. Shareholders have the right to receive correct and complete information about the standing of the Company in the General Meeting of Shareholders. When new shares are issued, the existing shareholders have the right of preference to their subscription, under the terms of the law, pro-rata with the percentage of shares held in the Company.

SNN shareholders can exercise their right to vote as follows:

1. Direct vote - in person, in the GMS;
2. Vote by proxy holding a special or general power of attorney;
3. Postal vote.

All holders of financial instruments issued by SNN of the same type and class of securities benefit from equal treatment, and the Company constantly makes sustained efforts to produce an effective, active and transparent communication so as to allow the exercise of rights in a fair manner.

More at: <https://www.nuclearelectrica.ro/ir/?lang=en#governanta>

2. Board of Directors

The Board of Directors is the executive body of the Company, formed of 7 members, of each one executive and 6 non-executive members.

The Chairman of the Board of Directors was elected by the Board of Directors among its members, and is Mr. Teodor Minodor Chirică. The Chairman of the Board of Directors is appointed for a period that may not exceed the term of office of director and may be revoked at any time by the Board of Directors.

Directors may be revoked at any time by the Ordinary General Meeting of Shareholders. Each director expressly accepted the exercise of their respective office. The company must celebrate a D&O type insurance (liability insurance of managers). During their term of office, directors may not enter into an employment contract with the Company.

The members of the Board of Directors must exercise their mandate with prudence and diligence of a good director, with loyalty, in the interest of the Company and are not allowed to disclose confidential information and business secrets of the Company.

Also, the members of the Board of Directors are under the obligation to ensure avoidance of any direct or indirect conflict of interest with the Company, and should a conflict occur, they will abstain from the debates and casting their vote on the that matters, in accordance with the legal provisions in force.

As at 31 December 2022, the Company's directors are:

First name and Last name	Age (years)	Qualification	Professional experience (years)	Position	Date appointed	Office expiry date
Elena Popescu	63 years	Nuclear Plant Engineer	36 years	Non-executive member of the Board of Directors	28.09.2018 (4-year final office according to the OGMS Resolution no. 12/28.09.2018)	28.09.2022
					10 August 2022 (4-year final office effective 29 September 2022, according to the OGMS Resolution no. 6/10.08.2022)	29.09.2026
Mihai Daniel Anitei	53 years	Mechanical Engineer	23 years	Independent non-executive member of the Board of Directors	28.09.2018 (4-year final office according to the OGMS Resolution no. 12/28.09.2018)	28.09.2022
					28.09.2018	Office ended on 28 September 2022 (according to the OGMS Resolution no. 6/10.08.2022)
Cosmin Ghiță	33 years	Economist	11 years	Executive member of the Board of Directors	28.09.2018 (4-year final office according to the OGMS Resolution no. 12/28.09.2018)	28.09.2022

First name and Last name	Age (years)	Qualification	Professional experience (years)	Position	Date appointed	Office expiry date
					10 August 2022 (4-year final office effective 29 September 2022, according to the OGMS Resolution no. 6/10.08.2022)	29.09.2026
Remus Vulpescu	51 years	Legal Advisor	26 years	Independent non-executive member of the Board of Directors	28.09.2018 (4-year final office according to the OGMS Resolution no. 12/28.09.2018)	28.09.2022
					28.12.2017 (temporary office according to the OGMS Resolution no. 10/20.12.2017)	28.04.2018
					28.09.2018	Office ended on 28 September 2022 (according to the OGMS Resolution no. 6/10.08.2022)
					27 September 2022 (temporary office until the date when the GMS is held)	

First name and Last name	Age (years)	Qualification	Professional experience (years)	Position	Date appointed	Office expiry date
					19.10.2022 (temporary office for a period of 4 months, according to the OGMS Resolution no. 10/19.10.2022)	19.02.2023
Teodor Minodor Chirică	77 years	Engineer	52 years	Non-executive member of the Board of Directors	27 July 2020 (final office according to the OGMS Resolution no. 9/27.07.2020) after completion of the selection procedure under the Government Emergency Ordinance no. 109/2011	28.09.2022
					10 August 2022 (4-year final office effective 29 September 2022, according to the OGMS Resolution no. 6/10.08.2022)	29.09.2026
Chirleşan Dumitru	60 years	Physical Engineer	36 years	Non-executive provisional	10.08.2022 (temporary mandate for a period of 4	10.12.2022

First name and Last name	Age (years)	Qualification	Professional experience (years)	Position	Date appointed	Office expiry date
				member of the Board of Directors	months, according to the OGMS Resolution no. 6/10.08.2023)	
George Sergiu Niculescu	43 years	Economist Legal Advisor	22 years	Non-executive provisional member of the Board of Directors	9 March 2022 (temporary office until the date when the GMS is held)	
					28.04.2022 (temporary mandate for 4 months, according to the OGMS Resolution no. 5/28.04.2022)	28.09.2022
					10.08.2022 (temporary mandate for a period of 2 months, according to the OGMS Resolution no. 6/10.08.2023)	29.10.2022
					19.10.2022 (temporary mandate for a period of 4 months, according to the OGMS Resolution no. 10/19.10.2022)	19.02.2023

First name and Last name	Age (years)	Qualification	Professional experience (years)	Position	Date appointed	Office expiry date
Serban Valeca	66 years (deceased 2022)	Physical Engineer	40 years	Non-executive provisional member of the Board of Directors	9 March 2022 (temporary office until the date when the GMS is held)	
					28.04.2022 (temporary mandate for 4 months, according to the OGMS Resolution no. 5/28.04.2022)	28.09.2022
						10 August 2022 (from the position of member of the Board of Directors further to termination <i>de jure</i> of this office by death, according to the OGMS Resolution no. 6/10.08.2022)
Vasilica Grăjdan	49 years	Economist	31 years	Non-executive provisional member of the Board of Directors	27 September 2022 (temporary office until the date when the GMS is held)	

First name and Last name	Age (years)	Qualification	Professional experience (years)	Position	Date appointed	Office expiry date
					19.10.2022 (temporary office for a period of 4 months, according to the OGMS Resolution no. 10/19.10.2022)	19.02.2023

The members of the Board of Directors are elected by shareholders in the Ordinary General Meeting of Shareholders. The Company is not aware of any agreement, understanding or family ties between director(s) and another person, because of which the said person was appointed director.

3. EXECUTIVE MANAGEMENT

3.1 CEO

The Board of Directors delegates the management of the Company to one or more Executives, naming one of them as CEO. The CDO represents the Company in relations with third parties and before the courts of law. The CEO is responsible for taking all measures related to the management of the Company, within the scope of the Company's business and observing the exclusive powers reserved under the law or the Articles of Association to the Board of Directors and to the General Meeting of Shareholders. The Board of Directors can delegate, under a duly passed resolution, one or more of the powers mentioned at the previous paragraph (and which can be delegated) to the CEO.

The CEO of SNN has, according to the Articles of Incorporation, the following duties and powers:

- ❖ To steer and coordinate the entire business of the Company;
- ❖ To carry through the resolutions of the General Meeting of Shareholders and the decisions of the Board of Directors passed and adopted in accordance with the powers reserved thereto;
- ❖ To apply the development strategies and policies of the Company;
- ❖ To select, hire, promote and fires the Company's employees;
- ❖ To appoint, suspend or revoke the persons sitting in the management of subunits, and to set their remuneration;
- ❖ To negotiate and conclude, in accordance with the law, individual employment agreements;
- ❖ To execute legal instruments, for and on behalf of the Company, whereby to acquire, dispose of, lease/rent, exchange or pledge as security assets of the Company, and the execution of which does not fall under the scope of the approval powers of the General Meeting of Shareholders or, as the case may be, of the Board of Directors;

- ❖ To execute any other instruments creating an obligation of the Company towards third parties, and the execution of which does not fall under the scope of the approval powers of the General Meeting of Shareholders or, as the case may be, of the Board of Directors, according to the limits of powers set out in an Annex to the Articles of Incorporation;
- ❖ To approve investment projects according to the powers set out in an Annex to the Articles of Incorporation;
- ❖ To devise and submit for approval by the Board of Directors the financial statements, as well as the distribution proposal concerning the profit resulting from the balance sheet of the financial year, which they intend to present to the General Meeting of Shareholders;
- ❖ To devise and submit for clearance by the Board of Directors the draft budget of the Company, which is to be submitted for approval by the General Meeting of Shareholders;
- ❖ To submit for clearance by the Board of Directors the materials due to be submitted for approval by the General Meeting of Shareholders;
- ❖ To approve, together with the other Executives, and submit for clearance/approval by the Board of Directors the activity programmes (production, research&development, technological engineering, investments, etc.);
- ❖ To determine the duties and responsibilities of the Company's staff, on departments;
- ❖ To approve the collection and payment operations according to the legal powers and the provisions of the Articles of Incorporation;
- ❖ To authorize the Executives or any other person to exercise any power granted to them;
- ❖ To approve the delegations of powers for Executives and the persons sitting in the management of subunits, in order to carry out the Company's operations;
- ❖ To approve the powers and duties of the subunits of the Company;
- ❖ To approve the organizational structure of the Company and the number of positions, the rules for establishment of the functional and production departments, as well as the Company's Organization and Functioning Regulation and Internal Regulation;
- ❖ To set and approve the environmental protection and work safety policies, according to legal provisions;
- ❖ To approve the regulatory documents and regulations applicable to the Company's activities;
- ❖ To determine on the marketing tactics and strategy;
- ❖ To carry out any other duties provided in the regulatory acts, the Company's Articles of Incorporation, the decisions of the Board of Directors and the resolutions of the General Meeting of Shareholders;
- ❖ To address any other issue that the Board of Directors assigned to them.

The position of GEO of S.N. Nuclearelectrica S.A. was occupied under a mandate contract further to the Decision of the Board of Directors no. 2 of 4 February 2019 whereby Mr. Cosmin Ghiță was appointed to this position for 4 years, effective 11 January 2019. This decision was made based on the Recommendation of the Nomination and Remuneration Committee dated 22 January 2019.

Under the Decision of the Board no. 154 of 10 August 2022, renewal of the SNN CEO office was approved for 4 years, effective 12 February 2023 (the expiry date of the current office was 11 February 2023), based on the Recommendation of the Nomination and Remuneration Committee registered under no. 9220/09.08.2022;

After completion of the internal selection procedure, the position of Cernavoda NPP Branch Manager is taken over by Mr. Valentin Ovidiu Nae effective 19 October 2020. At the end of 2022, the position of Executive Officer of Cernavoda NPP Branch was held by Mr. Valentin Ovidiu Nae.

Position of NFP Pitesti Branch Manager: Effective 17 October 2019 and to date, the position of NFP Pitesti Branch Manager has been occupied by Mr. Sorin Popescu, under the CEO Decision no. 345 of 17 October 2019.

CFO: Mr. Paul Ichim temporarily held the office of Chief Executive Officer, effective 31 March 2020.

Mr. Paul Ichim was appointed CEO for a 4-year term of office, effective 1 August 2020, after completion of the selection procedure performed in accordance with the provisions of Government Emergency Ordinance no. 109/2011. On 3 October 2021, the SNN's Board of Directors took note, under the Decision no. 171/06.10.2021, on resignation of Mr. Paul Ichim from his office as SNN CFO. In accordance with the signed mandate contract, the office of Mr. Paul Ichim was to come to an end further to his surrender of office within 90 business before his effective withdrawal, i.e. on 11 February 2022.

Under the decision of the Board of Directors no. 22/10.02.2022 and based on the recommendation of the Nomination and Remuneration Committee, Mr. Dan Niculaie Faranga was appointed as temporary CFO, with a term of office of 4 months, effective 11 February 2022 and until including 10 June 2022, with the possibility of renewal for good reasons by not longer than 6 months, pursuant to Article 64² of the Government Emergency Ordinance no. 109/2011, as subsequently amended and supplemented.

Under the BoD Decision no. 115/10.06.2022, renewal of the current CFO office in Societatea Nationala Nuclearelectrica SA was approved for a 2-month period, effective 11 June 2022;

Under the decision of the Board of Directors no. 153/10.08.2022 and based on the recommendation of the Nomination and Remuneration Committee no. 9221/09.08.2022, Mr. Dan Niculaie Faranga was appointed as temporary CFO, with a term of office of 4 months, effective 12 August 2022 and until including 12 December 2022, with the possibility of renewal for good reasons by not longer than 6 months, pursuant to Article 64² of the Government Emergency Ordinance no. 109/2011, as subsequently amended and supplemented.

Under the Decision of the Board of Directors no. 115/10.06.2022, renewal of the current CFO office in Societatea Nationala Nuclearelectrica SA was approved for a 2-month period, effective 11 June 2022.

Under the Decision of the Board of Directors no. 238/29.11.2022, renewal of the mandate contract no. 86/10.08.2022 of the CFO in office of Societatea Nationala Nuclearelectrica SA was approved for a 2-month period, effective 13 December 2022.

Under the decision of the Board of Directors no. 11/27.01.2022, termination of the Mandate Contract no. 65/11.02.2019 concluded by SNN with Mr. Tudor Laurentiu Dan, as Deputy CEO was approved, by agreement of the parties.

The Chief Financial Officer and the Deputy carry out their activity under the subordination of the Chief Financial Officer and the Board of Directors.

According to the chart flow of SNN, approved by Decision of the Board of Directors, the position of Deputy General Director with Contract of mandate was reorganized into the position of Deputy General Director Corporate Services, based on individual employment agreement and passed from the direct coordination of the Board of Directors to the direct coordination of the General Director of SNN. Also, two positions were created, i.e., Deputy CEO Business and Development Affairs and Deputy CEO Operations, both to be occupied based on an individual employment agreement, directly reporting to the SNN's Chief Executive Officer.

The three positions of Deputy CEO are intended at rendering the SNN activities and processes of SNN more efficient, given the complexity and length in time of the investment projects, diversification of the human resources strategy, the procurement processes and the effective performance the stages of the investment projects. Effective 1 February 2022, the three positions are occupied in accordance with the legal provisions and the Collective Employment Agreement applicable within the company, by SNN staff. The position of Chief Corporate Services Officer will be occupied by Mrs. Laura Constantin, previously the Director of the Legal Department of SNN and involves the coordination of procurement, legal, human resources, communication and compliance processes. The position of Chief Business and Development Officer will be held by Mrs. Melania Amuza, previously the Director of the Investment Directorate of SNN and involves the coordination of investment processes, electricity transactions and mining licenses, and the position of Chief Operations Officer will be held by Mr. Romeo Urjan, previously the Director of the Operations Directorate and involves the coordination of operation activities, production, independent assessment of nuclear safety, fuel, security, management systems and process analysis.

Effective 1 September 2022, the position of Deputy Chief Operating Officer was occupied by Mr. Marian Serban, under an Individual Employment Agreement according to the organizational structure of SNN, as approved by Decision of the Board of Directors, and under the direct coordination of the CEO of SNN. Mr. Romeo Urjan held this position until 1 September 2022.

3.2 Persons sitting in the Executive management

Executive Management

Cosmin Ghiță - Chief Executive Officer

Laura Constantin - Deputy CEO Corporate Services

Melania Amuza – Deputy CEO Business and Development Affairs

Marian Serban - Deputy CEO Operations

Dan Niculaie Faranga - Chief Financial Officer

Valentin Ovidiu Nae - Cernavoda NPP Branch Executive Officer

Sorin Popescu - NFP Pitesti Branch Manager

First name and last name	Position	Start date	End date
Cosmin Ghiță	General Director Mandate of 4 years.	Appointment for a 4-year office, effective 11 February 2019.	11.02.2023
		Appointment for a 4-year office, effective 12 February 2023.	12.02.2027
Dan Laurentiu Tudor	Deputy General Director Mandate of 4 years.	Appointment for a 4-year office, effective 11 February 2019.	11.02.2023
		Termination of mandate contract according to Article 13.1(f) of the contract	01.02.2022
Paul Ichim	Chief Financial Officer	Temporary appointment to office effective 31 March 2020	01.08.2020
		Appointment to a 4-year office, effective 1 August 2020	01.08.2024
		Surrender of mandate contract	11.02.2022
Dan Niculaie-Faranga	Provisional Chief Financial Officer	Temporary appointment to a 4-month office, effective 11 February 2022	11.06.2022
		Renewal of mandate contract by 2 months,	11.08.2022

First name and last name	Position	Start date	End date
		effective 11 June 2022	
		Provisional mandate appointment for 4 months, effective 12 August 2022	12.12.2022
		Renewal of temporary office by 2 months, effective 13 December 2022	13.02.2023
Valentin Nae	Cernavoda NPP Branch Manager	19.10.2020 (appointment as Cernavoda NPP Branch Manager after competition)	N/A
Sorin Popescu	NFP Pitesti Branch Manager (employment agreement)	17.10.2019 (appointment by delegation of a 6-month period)	17.04.2020
		17.04.2020 (renewal of delegation by 3 months)	17.07.2020
		18.07.2020 (appointment as NFP Pitesti Branch Manager after competition)	N/A

First name and last name	Position	Start date	End date
Laura Constantin	Deputy General Director Corporate Services	01.02.2022	N/A
Melania Amuza	Deputy CEO Business and Development Affairs	01.02.2022	N/A
Romeo Urjan	Deputy CEO Operations	01.02.2022	01.09.2022
Marian Serban	Deputy CEO Operations	01.09.2022	N/A

More at: <https://www.nuclearelectrica.ro/ir/managers/?lang=en>

Advisory committees

According to the Articles of Incorporation of the Company and in Emergency Ordinance no. 109/2011, the Board of Directors of SNN established 4 advisory committees, formed by at least 2 members of the Board of Directors.

Nomination and Remuneration Advisory Committee

This Committee was established in accordance with Article 34 of the Government Emergency Ordinance no. 109/2011, under Decision no. 7 of the Board of Directors of 26 April 2013.

Audit Advisory Committee

This Committee was established in accordance with Article 34 of the Government Emergency Ordinance no. 109/2011, under Decision no. 8 of the Board of Directors of 30 April 2013.

Nuclear Safety Advisory Committee

This Committee was established in accordance with Article 34 of the Government Emergency Ordinance no. 109/2011, under Decision no. 27 of the Board of Directors of 26 August 2013.

Advisory Committee for Strategy, Development and Large Investment Projects

This Committee was established in accordance with Article 34 of the Government Emergency Ordinance no. 109/2011, under Decision no. 27 of the Board of Directors of 26 August 2013.

The Advisory Committees are tasked with performance of analyses and making recommendations for the Board of Directors, in specific fields, and are under obligation to regularly submit activity reports to the members of the Board of Directors. The key responsibilities of the Advisory Committees are provided in

their respective Organization and Functioning Regulations approved by the Board of Directors, and are available on the SNN website.

Each Advisory Committee has been appointed a secretary and a chairman.
The chairmen of the Advisory Committees are the following directors:

Nomination and Remuneration Advisory Committee	Teodor Chirică
Audit Advisory Committee	Remus Vulpescu
Nuclear Safety Advisory Committee	Teodor Chirică
Advisory Committee for Strategy, Development and Large Investment Projects	Elena Popescu

More at: https://www.nuclearelectrica.ro/wp-content/uploads/2014/08/traducere-CORPORATE-GOVERNANCE-RULES_February-2015_RO-EN.pdf

Audit Advisory Committee

The role of the Audit Advisory Committee is to provide assistance to the Board of Directors in carrying out its internal audit duties, and performs an advisory function concerning the Company's strategy and policy on internal control system, internal audit and external audit, assessment of conflicts of interests, and risk management system control.

From a functional point of view, the Audit Advisory Committee reports directly to the Board of Directors. In SNN, there is an Internal Audit Department responsible for managing the internal audit activity at corporate level, which functionally reports to the Board of Directors, and administratively reports to the CEO.

The main duties of the Audit Advisory Committee include analysis, monitoring, supervision and facilitation functions, as follows:

- ❖ Clearance of the multi-year internal audit plan and of the regulatory documents prepared by the Internal Audit Department;
- ❖ Regular examination the effectiveness of the internal control and the risk management system;
- ❖ Monitoring application of the legal standards and internal audit standards, and maintaining the authority, independence and impartiality of internal auditors;
- ❖ Monitoring the Company's compliance with the provisions of the legal framework, the Articles of Incorporation and applicable internal regulatory documents;
- ❖ Review and approval of the activity reports of the Internal Audit Department, and the transactions with related parties;
- ❖ Monitoring the accuracy and reliability of the financial information supplied to the Company's management and external users;
- ❖ Supervision of the work of internal auditors and financial auditors;
- ❖ Approval or proposals for approval made to the supervisory bodies or shareholders regarding appointment, remuneration and revocation of the financial auditor;

- ❖ Making sure that the governing bodies take the necessary remedial measures to address the identified deficiencies;
- ❖ Preparation and submission of reports at the request to the Board of Directors.

In 2022, the Audit Advisory Committee met in 4 meetings and made recommendations to the Board of Directors of SNN on topics that fall under the scope of their duties, as follows:

- ❖ 2021 Report on the Internal Audit Work;
- ❖ Annual Financial Management Control Plan;
- ❖ Annual Assessment Report on the Management Internal Control System;
- ❖ Annual and Multi-Annual Internal Audit Plan;
- ❖ Annual Compliance Plan;
- ❖ Quarterly Report on Risk Management;
- ❖ 2021 Stand-Alone and Consolidated Annual Financial Statements, prepared in accordance with the International Financial Reporting Standards (IFRS - EU), based on the reports of the independent auditor and the annual report of directors for 2021;
- ❖ Half-Yearly Governance Report, prepared in accordance with the legal provisions;

As to management of conflicts of interest, each member of the Board of Directors makes sure they avoid of any direct or indirect conflict of interest with the Company, and should such a conflict occur, they will abstain from the debates and casting their vote on the that matters, in accordance with the legal provisions in force.

In order to ensure the propriety of the transactions with the related parties, the members of the Board of Directors apply including the following criteria, but not only these:

- ❖ Maintaining the powers of the Board of Directors or GMS, as the case may be, to approve the most important transactions (according to the Annex to the Articles of Incorporation concerning the limits of powers);
- ❖ Asking for a prior opinion on the most important transactions from the internal control structures;
- ❖ Entrusting the negotiations on these transactions to one or more independent directors, or to directors not related to the parties involved;
- ❖ Seeking the opinion of independent experts.

The transactions concluded in 2022 with the affiliated parties and reported to the Romanian stock market authorities and the SNN shareholders, based on the provisions of Law no. 24/2017, did not raise any issues related to conflicts of interest involving the directors and executives of SNN.

The internal audit planning is carried out further to an extensive risk assessment process (e.g.: talks with heads of departments, results of the activities of the other monitoring departments, reports of control bodies external to the Company, results of previous audit reports). The Audit Advisory Committee assessed the internal control system applying a questionnaire intended to assess the implementation progress of the management internal control standards and found that the management internal control activity complied with the standards laid down in Order no. 600/2018.

More information about the internal audit activity can be found in Sub-Chapter 10.6.6. *Audit and Risk Management Directorate* of the 2022 Annual Report.

NUCLEAR SAFETY ADVISORY COMMITTEE

The Nuclear Safety Committee provides the Board of Directors with assistance and/or independent assessment in the field of nuclear safety and environmental protection, and makes written recommendations in this regard.

The main duties of the Nuclear Safety Advisory Committee are provision of advice/assessment, in areas such as:

- ❖ The strategic nuclear safety options of the Company, taking into account the current situation and the regulatory framework applicable to the operating activities of Cernavoda NPP;
- ❖ The conclusions drawn from the review of design studies and their impact on systems, structures and components with critical nuclear safety functions;
- ❖ The fundamental nuclear safety and radiation protection decisions made in the Company and its two branches;
- ❖ The framework and main criteria to be adopted for nuclear safety and for the quality management and assurance system;
- ❖ The conclusions of the impact studies concerning all types of environmental emissions;
- ❖ The nuclear safety, public health and environmental protection criteria applied in relations with sub-contractors and suppliers;
- ❖ The development and implementation of nuclear safety culture training programmes for the Company's staff;
- ❖ The general policy and regulations concerning the staff and the competence requirements in the operation of the Company's assets;
- ❖ Inspection of structures and components with critical safety function;
- ❖ Independent control processes on nuclear safety and radiation protection issues, related to the specific activities of the Company;
- ❖ The permitting and licensing process;
- ❖ Reviews of reports on the operational events/incidents with a potential impact on nuclear safety or staff radiation protection;
- ❖ Review of any report on nuclear safety prepared in the Company;
- ❖ Any matter on which the Board of Directors deems necessary to consult the Nuclear Safety Advisory Committee.

The Nuclear Safety Advisory Committee met 4 times in 2022, in the months of February, May, August and November.

ADVISORY COMMITTEE FOR STRATEGY, DEVELOPMENT AND LARGE INVESTMENT PROJECTS

The membership of the Advisory Committee for Strategy, Development and Large Investment Projects (ACSDLIP) is as follows: Mrs. Elena Popescu, as Chairwoman, and Messrs. Teodor Chirică and Cosmin Ghiță, as members.

According to its own regulations, the Committee for Strategy, Development and Large Investment Projects conducts analyses and issues recommendations for the Board of Directors of SNN on:

- ❖ The global development, retrofitting, upgrading, and economic and financial restructuring strategy of the Company, as well as the main development directions, the strategic objectives of the Company and the ways of attaining them.
- ❖ Approval and implementation by the Board of Directors of large investment projects (projects the estimated amount of which exceeds EUR 5 million), further to a review of the specific documentation.

In 2022, the work of the Advisory Committee for Strategy, Development and Large Investment Projects concerned mainly:

- ❖ Making a recommendation to the SNN's Board of Directors about continuation of the Project for Units 3 and 4 of Cernavoda NPP, and adoption of the Preliminary Investment Decision and entering Phase 2 – Preliminary Works, conditional upon approval and conclusion of the Support Agreement between the Romanian State and SNN in relation to the Project for Units 3 and 4 of Cernavoda NPP, and initiation of the steps to award and conclude the contract needed to complete the Project, subject to the limits of powers provided in the articles of incorporation of SNN and EN, and without exceeding the amount of EUR 185 million, as approved under the OGMS Resolution no. 6/10.08.2022.
- ❖ Making a recommendation to the SNN's Board of Directors on the clearance of SNN financing EnergoNuclear S.A., by SNN increasing the share capital of EN in cash and/or granting related loans by SNN, with a total amount of EUR 185 million, adjusted to the Project development requirements and necessary for the implementation of Phase 2 of the Project of Units 3 and 4 within Cernavoda NPP, depending on the approval and conclusion of the Support Agreement between the Romanian State and SNN in relation to the Project of Units 3 and 4 within Cernavoda NPP, as approved under the EGMS Resolution no. 7/10.08.2022
- ❖ Making a recommendation to the Board of Directors of SNN on the clearance of the Implementation Strategy of the NuScale Small Modular Reactors (SMR) Project on Doicești site, and of the Investors' Agreement in connection with establishment of a new legal entity, organized as a joint-stock company for development of the NuScale Small Modular Reactors (SMR) Project on Doicești site, as approved under the EGMS Resolution no. 8/22.09.2022 and the EGMS Resolution no. 9/22/09/2022.

Having reviewed the work of the Committee for Strategy, Development and Large Investment Projects, we believe that it allowed the outlining/crystallization of a consistent and structured approach to the strategic directions of development of SNN.

Remuneration of the members of the Board of Directors

GRI 102-35, 102-36

Pursuant to the provisions of the Government's Emergency Ordinance no. 109/2011 on the corporate governance of public enterprises, as subsequently amended and supplemented, the remuneration policy and criteria for directors and executives of the unitary system are made public on the website of SNN, under the section "Investor Relations - Remuneration Policy". Link: https://www.nuclearelectrica.ro/ir/wp-content/uploads/sites/9/2021/05/EN-OGMS-ITEM-8-Politica-de-remunerare-CA-si-Directori_final_tc_kalimera.pdf

According to the current provisions, i.e. Article 37 of the Government Emergency Ordinance no. 109/2011, as subsequently amended and supplemented, the fixed remuneration of the executive members of the Board of Directors may not exceed two times the average gross salary for the last 12 months for the activity carried out according to the main object of activity registered by the Company, at class level according to the classification of activities in the national economy, communicated by the National Institute of Statistics prior to the appointment. The fixed remuneration of the executive members of the Board of Directors may not exceed 6 times the average gross monthly salary for the last 12 months for the activity carried out according to the main object of activity registered by the Company, at class level according to the classification of activities in the national economy, communicated by the National Institute of Statistics prior to the appointment.

The fixed and variable compensation of the members of the Board of Directors is approved by the General Meeting of SNN Shareholders. The general limits of the executives' remuneration (executive for the purposes of Article 143 of Law no. 31/1990) are approved by the General Meeting of Shareholders; based on these general limits, the Board of Directors sets the amount of the executives' remuneration. The fixed remuneration of the executives with a mandate contract may not exceed 6 times the average gross salary due for the work rendered, according to the main object of activity registered by the Company, at class level according to the classification of activities in the national economy, communicated by the National Institute of Statistics prior to the appointment.

As regards Mr. Teodor Minodor Chirică, on his appointment date, i.e. in the Ordinary General Meeting of 27 July 2020 until 28 September 2022, the monthly gross fixed allowance of the elected director was approved as equal to twice the last 12-month average of monthly gross average salary due for the work rendered 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 of Statistics prior to appointment, plus the variable component amounting to 12 monthly fixed allowances determined based on the financial and non-financial performance ratios, as these were negotiated with the directors currently in office of the Company and approved by the Ordinary General Meeting of Shareholders by Resolution no. 3/10.04.2019.

Under the OGMS Resolution no. 6/10.08.2022, appointment of the following persons was approved: Teodor Minodor Chirca, Cosmin Ghiță and Elena Popescu, effective 29 September 2022, for a 4-year term of office, according to the provisions of Article 29(1) of the Government Emergency Ordinance no. 109/2011, as well as the monthly gross fixed allowance of the non-executive members of the Board of

Directors, amount to two times the monthly gross average salary earnings due over the last 12 months for the work rendered 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 of Statistics prior to the appointment, and approval of the variable component of non-executive directors amounting to 12 monthly fixed allowances, plus the monthly gross fixed allowances of the executive member of the Board of Directors, amounting to six times the last 12-month average of the monthly gross average salary earnings for the work rendered 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 of Statistics prior to the appointment, and approval of the variable component of the executive director.

As to renewal of the term of office of Mr. George Sergiu Niculescu, which came to an end on 28 August 2022, by 2 months, effective 29 August 2022, in accordance with the provisions of article 64¹(3) and (5) of the Government Emergency Ordinance no. 109/2011, as subsequently amended and supplemented, or until the date of acceptance of office by a director appointed in accordance with the provisions of Government Emergency Ordinance no. 109/2011, as subsequently amended and supplemented, if the selection is completed before the indicated term, maintenance of the monthly gross fixed allowance for the provisional member of the Board of Directors and of the variable component, as approved under the OGMS Resolution no. 5/28.04.2022, was approved.

As to Mr. Dumitru Chirleşan, the OGMS Resolution no. ... approved his election as provisional member of the Board of Directors, effective of 10 August 2022, for a 4-month term of office, in accordance with the provisions of article 64¹(3) and (5) the Government Emergency Ordinance no. 109/2011, as subsequently amended and supplemented, or until completion of the selection procedure of the directors selected in accordance with the provisions of Government Emergency Ordinance no. 109/2011, if selection is completed before the indicated term, and the monthly gross fixed allowance for the provisional member of the Board of Directors, of lei 15,057, i.e. equal to that of the latest director in office selected pursuant to the Government Emergency Ordinance no. 109/2011, as well as of a variable component determined in the very same way as that of the directors in office, at the level of the short-term component, and paid pro-rata with the term of the temporary office.

Under the OGMS Resolution no. 10/19.10.2022, Vasilica Grăjdan, Vulpescu Remus Dumitru and Niculescu George Sergiu were appointed as provisional members, for a term of office of 4 months, pursuant to the provisions of Article 64¹(3) and (5) of the Government Emergency Ordinance no. 109/2011, and the monthly gross fixed allowances of the provisional members of the Board of Directors, of lei 17,926, i.e. equal to that of the directors the office of whom was renewed according to the OGMS Resolution no. 6/10.08.2022, plus a variable component determined in the very same way as for the directors in office, at the level of the short-term component, and paid pro-rata with the period of the provisional office, were approved.

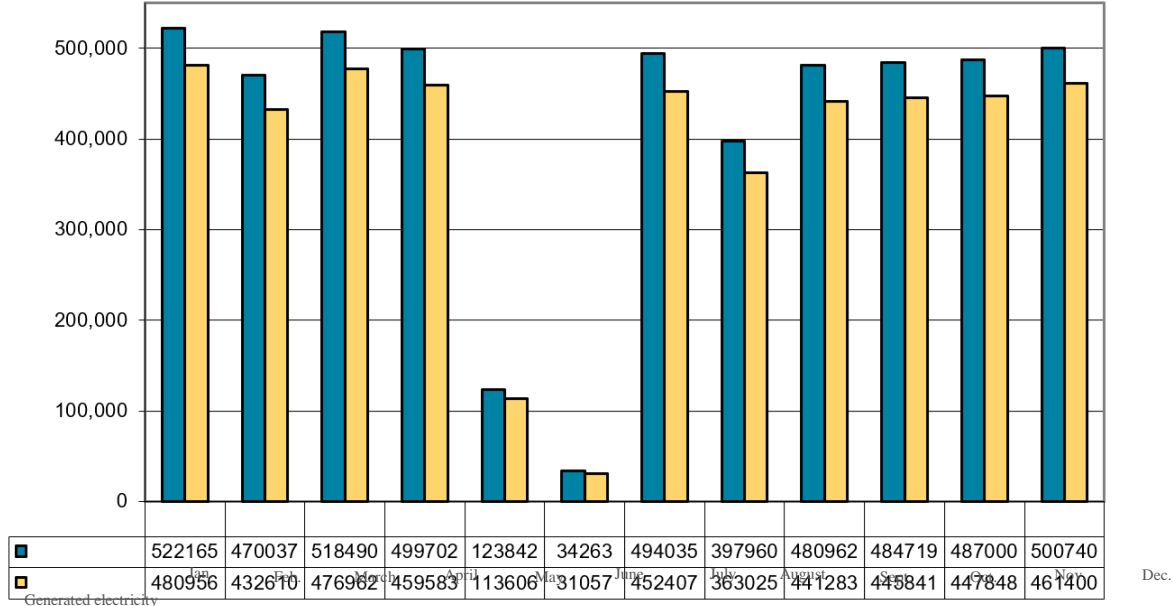
Detailed information about the remuneration of directors and executives in 2022 can be found in the Report of the Nomination and Remuneration Committee, enclosed to this Report.

General limits of the remuneration of the executive director:

- The monthly fixed allowance, amounting to 5-6 times the last-12-months-average of the monthly gross salary earnings paid for the work rendered according to the class-level registered main scope of the Company's business, according to the classification of activities in the national economy, as communicated by the National Institute of Statistics before appointment;
- Annual variable component, ranging between 24 to 36 times the average monthly gross salary earnings paid for the work rendered according to the class-level registered main scope of the Company's business, according to the classification of activities in the national economy, as communicated by the National Institute of Statistics before appointment.

Operational result - CERNAVODA NPP
GRI 302-1, 302-2, EU-30

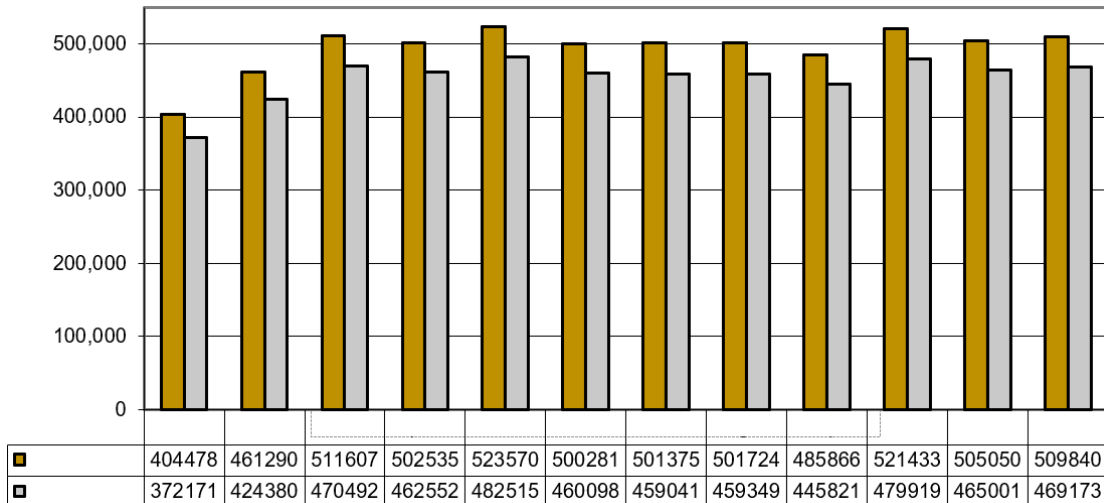
Generated/net electricity U1 (MWh) - 2022

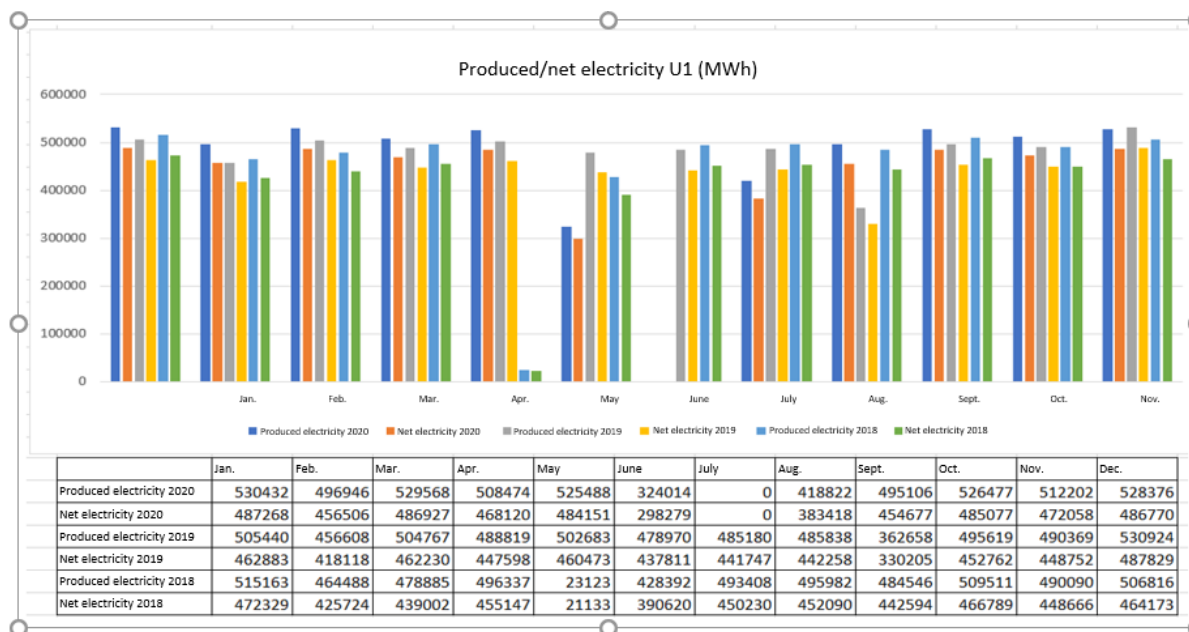


TOTAL 2022

Generated electricity **5 013 915** Net electricity **4 606 578**
 Average own process consumption: **8.24%**

Generated/net electricity U1 (MWh)-2021





TOTAL 2020

Produced electricity

5 395 904.0

Average own technological consumption: 8.02%

Net electricity

4 963 253

TOTAL 2019

Produced electricity

5,787,876

Average own technological consumption: 8.57%

Net electricity

5,292,668

TOTAL 2018

Produced electricity

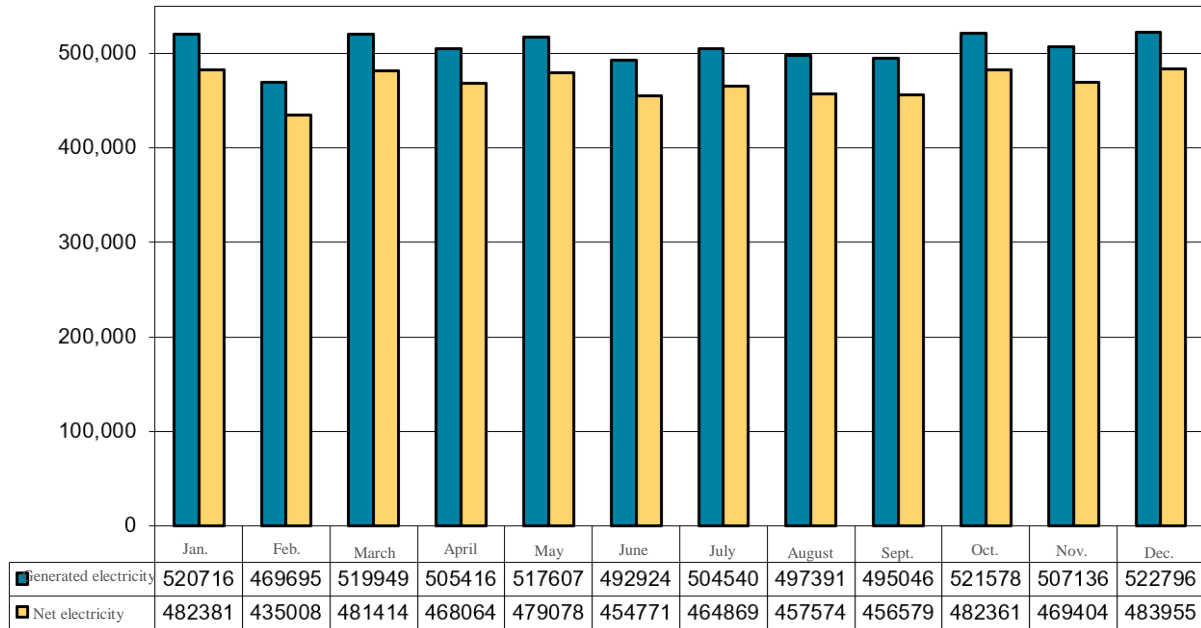
5,386,742

Average own technological consumption: 8.52%

Net electricity

4,928,499

Generated/net electricity U2 (MWh)



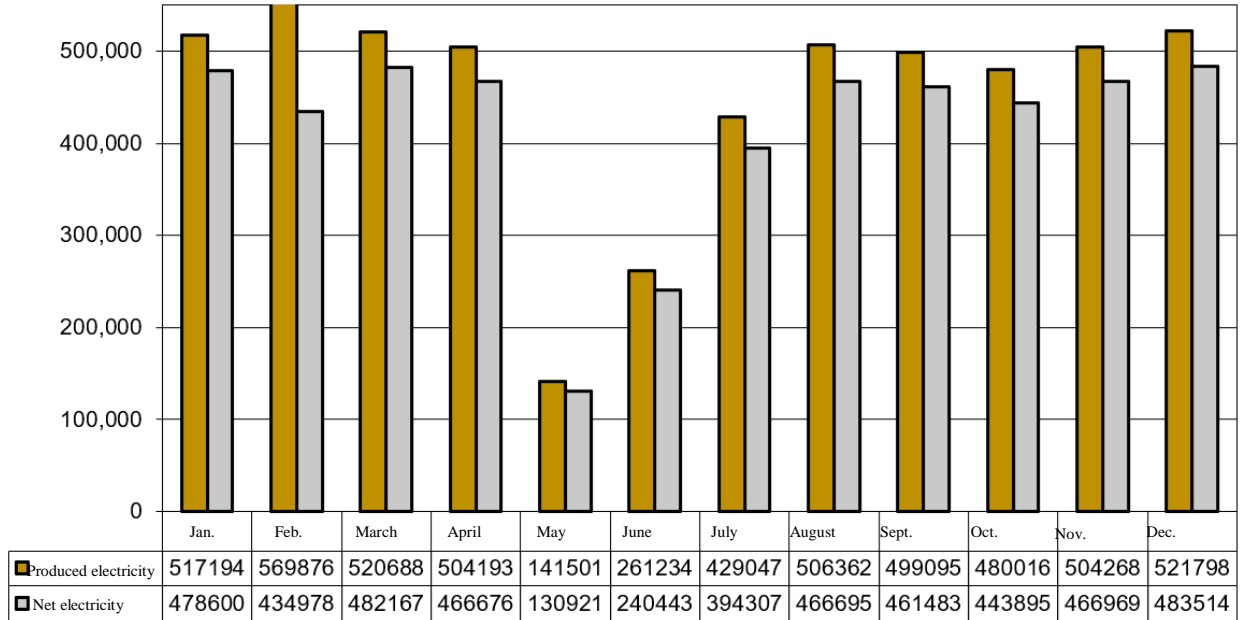
TOTAL 2022

Generated electricity Net electricity

6 074 794 **5 615 458**

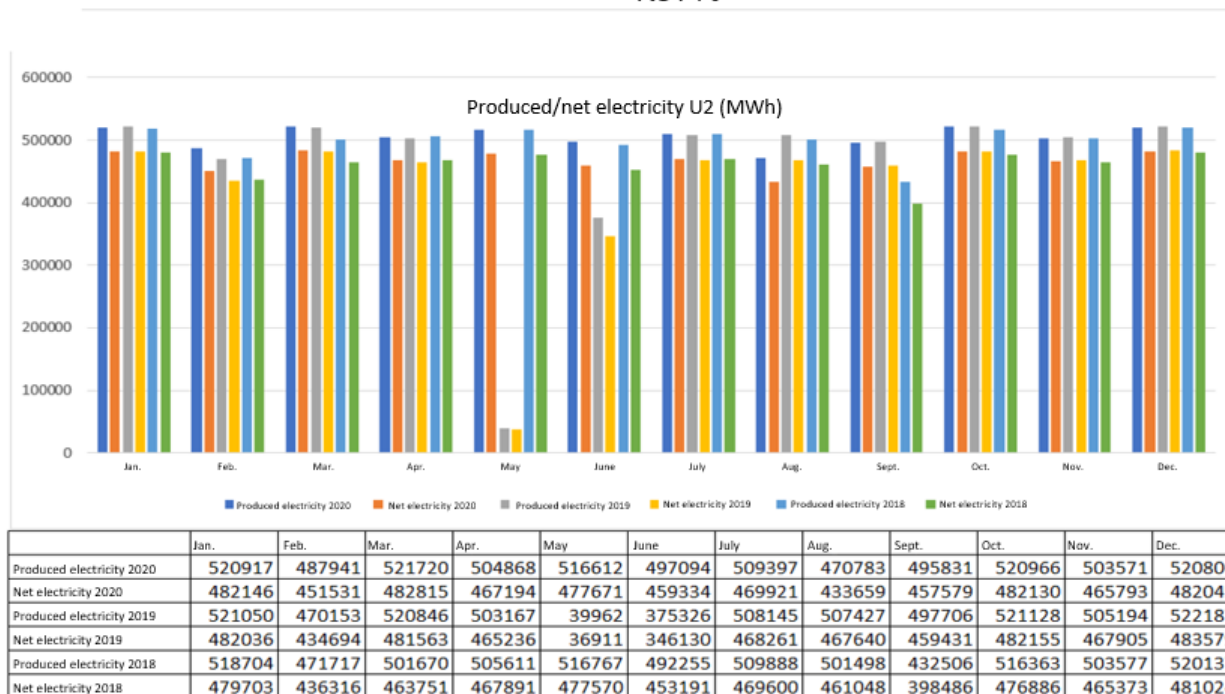
Average own process consumption: **7.56%**

Produced/net electricity U2 (MWh)-2021



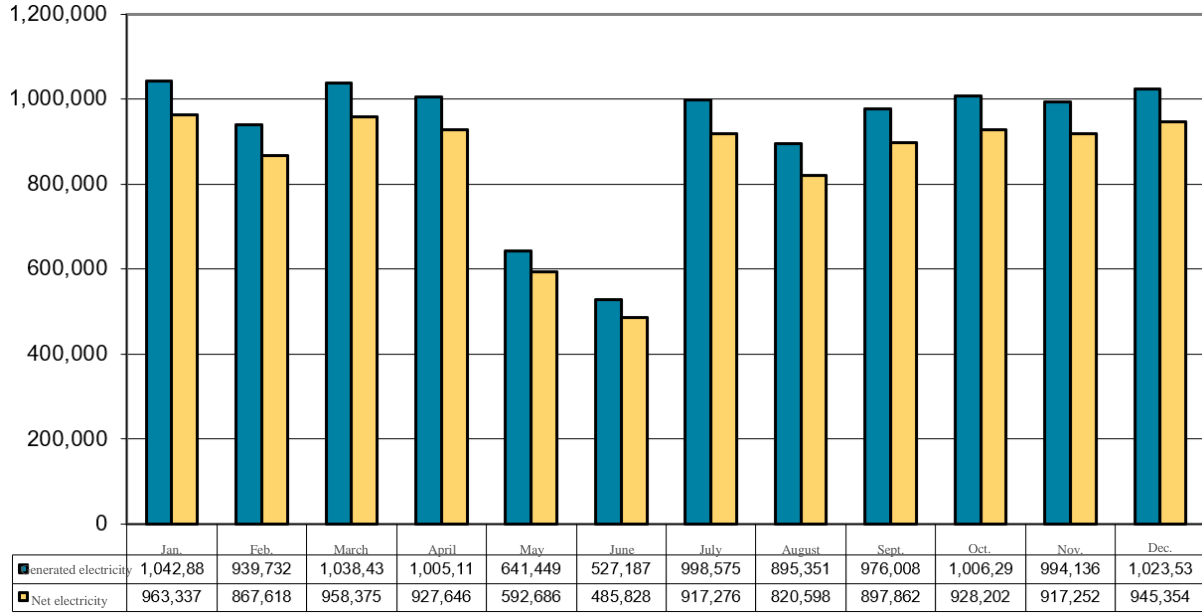
TOTAL 2021

Produced	Net electricity
5 355 301	4 950 650
Average own technological consumption: 7.57%	



TOTAL 2020		TOTAL 2019		TOTAL 2018	
Produced electricity	Net electricity	Produced electricity	Net electricity	Produced electricity	Net electricity
6 070 500	5 611 815	5,492,291	5,075,542	5,990,693	5,530,839
Average own technological consumption: 7.56%		Average own technological consumption: 7.60%		Average own technological consumption: 7.68%	

Generated/net electricity U1 + U2 (MWh) - 2022



TOTAL 2022

Generated electricity

11 088 709

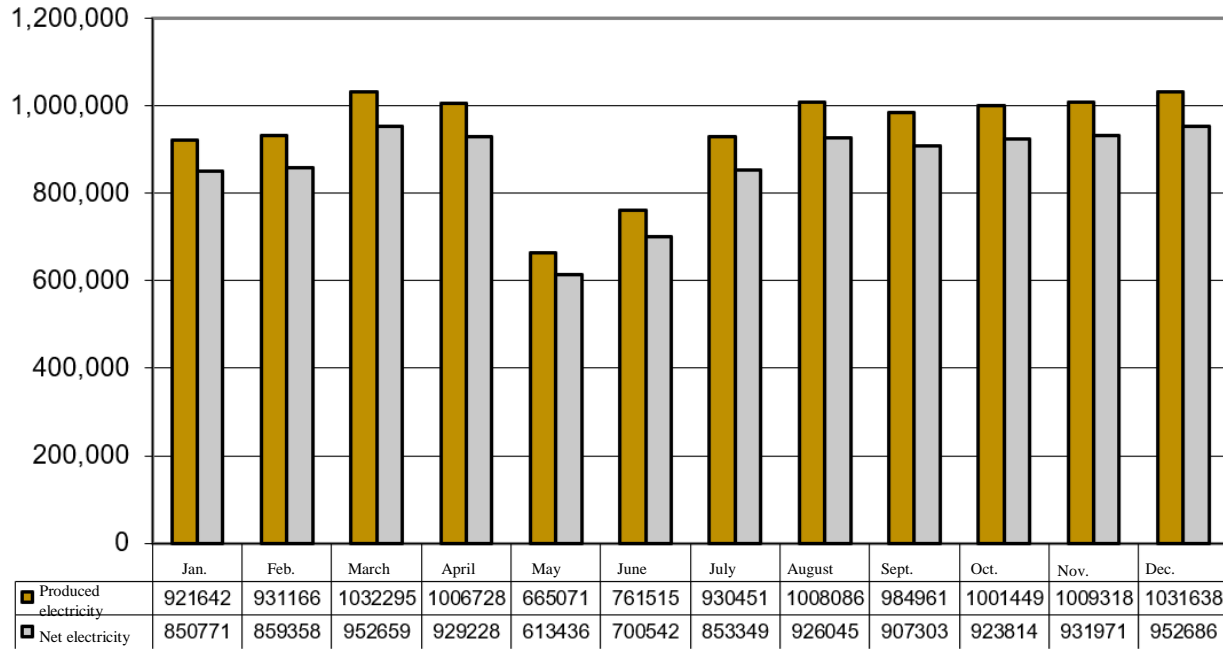
Net electricity

10 222 037

OWN TECHNOLOGICAL ELECTRICITY CONSUMPTION

Aggregate achieved 2022: **7.90%** Planned in the project: **max. 10.00%**

Produced/net electricity U1 + U2 (MWh)-2021



TOTAL 2021

Produced electricity

11 284 320

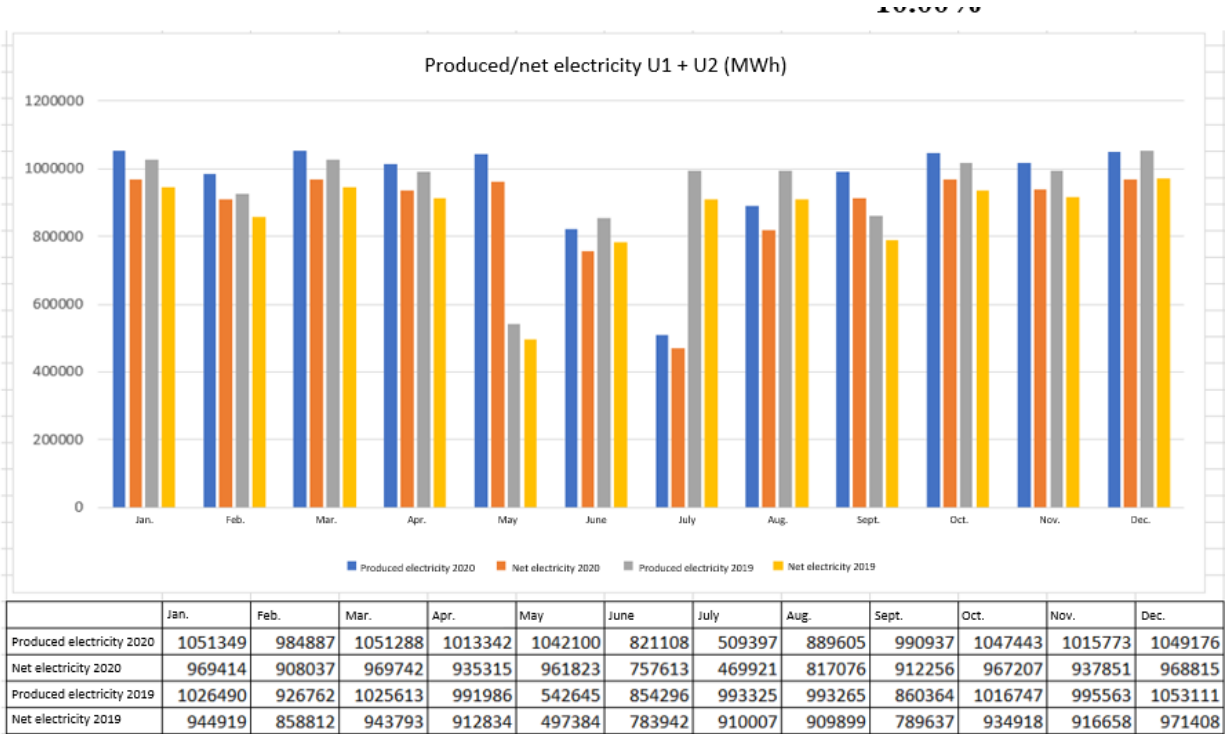
Net electricity

10 401 162

OWN TECHNOLOGICAL ELECTRICITY CONSUMPTION

Aggregate achieved 2021: **7.82%**

Planned in the project: **max. 10.00%**



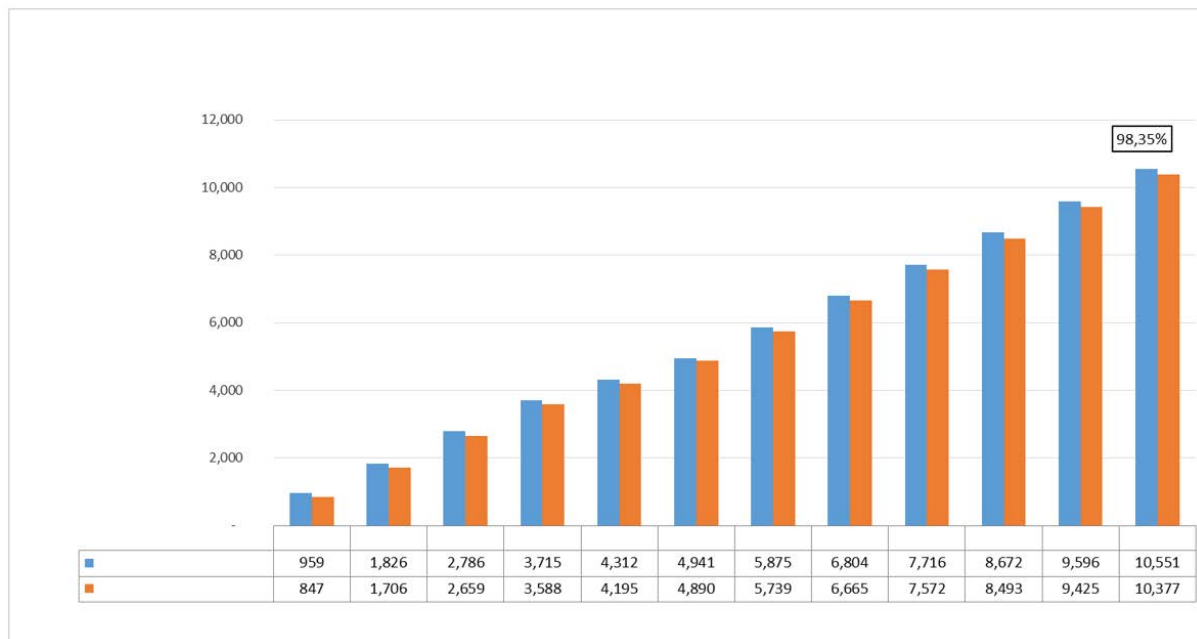
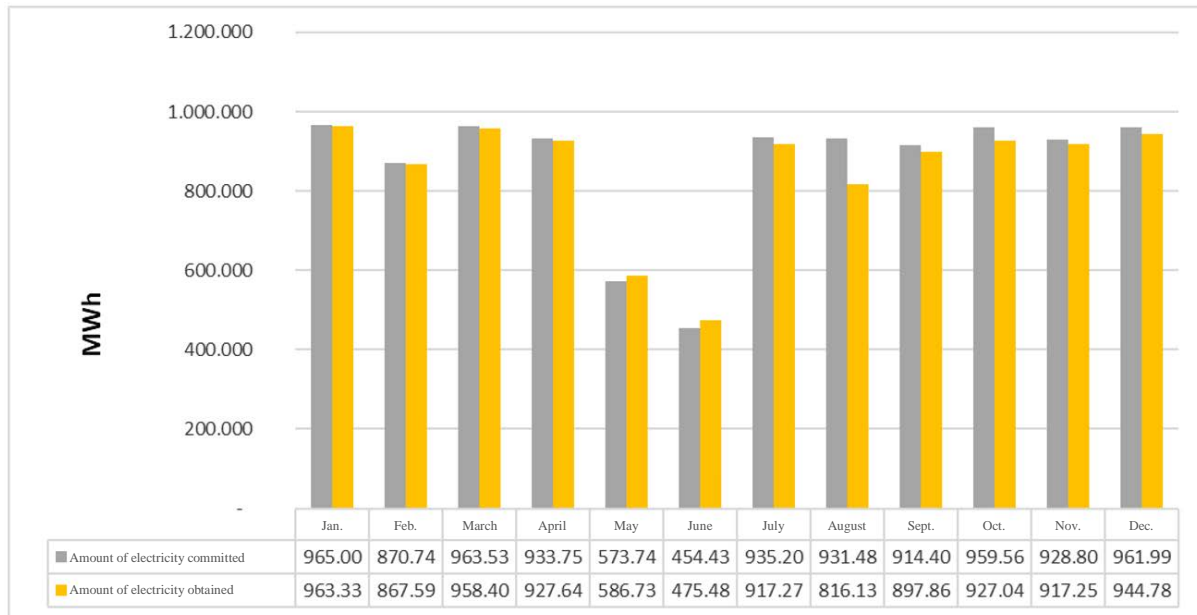
TOTAL 2020

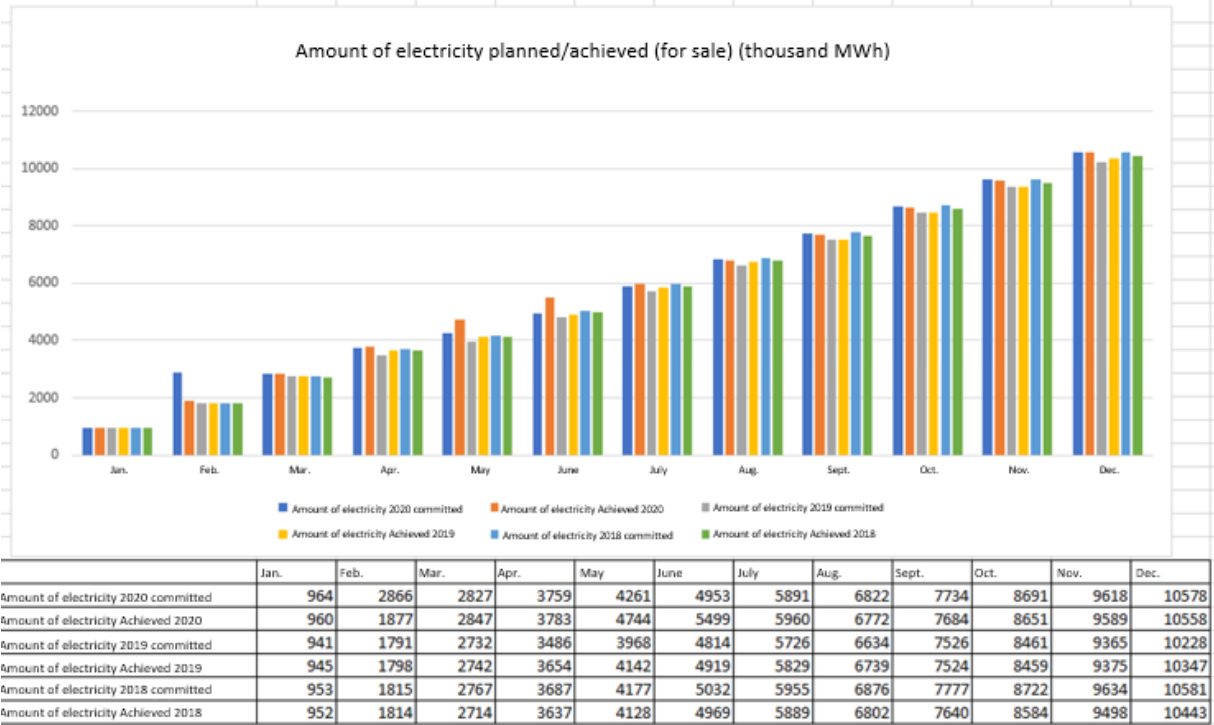
Produced electricity Net electricity
 11 466 405 10 575 068
 Own technological electricity consumption
 Aggregate achieved 2020: 7.79%
 Planned in the project: max. 10.00%

TOTAL 2019

Produced electricity Net electricity
 11,280,167 10,368,211
 Own technological electricity consumption
 Aggregate achieved 2019: 8.08%
 Planned in the project: max. 10.00%

Amount of electricity planned/achieved (for sale) – 2022



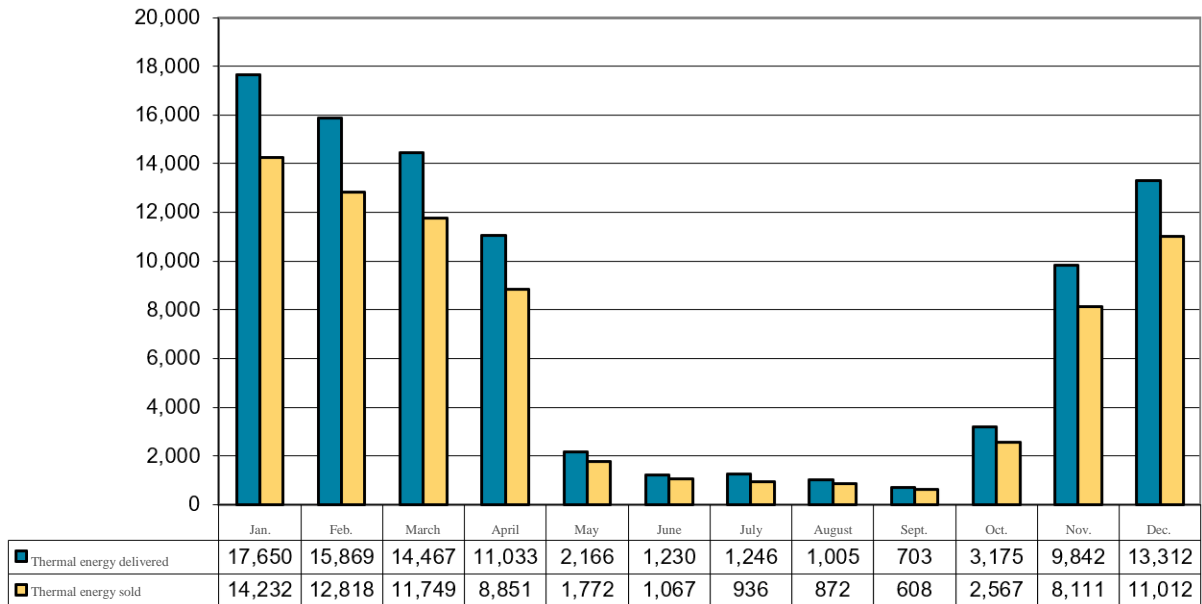


Percentage achieved in 2020: 99.81%

Percentage achieved in 2019: 101.16%

Percentage achieved in 2018: 98.69%

Thermal energy delivered for heating/sold (Gcal) - 2022



TOTAL 2022

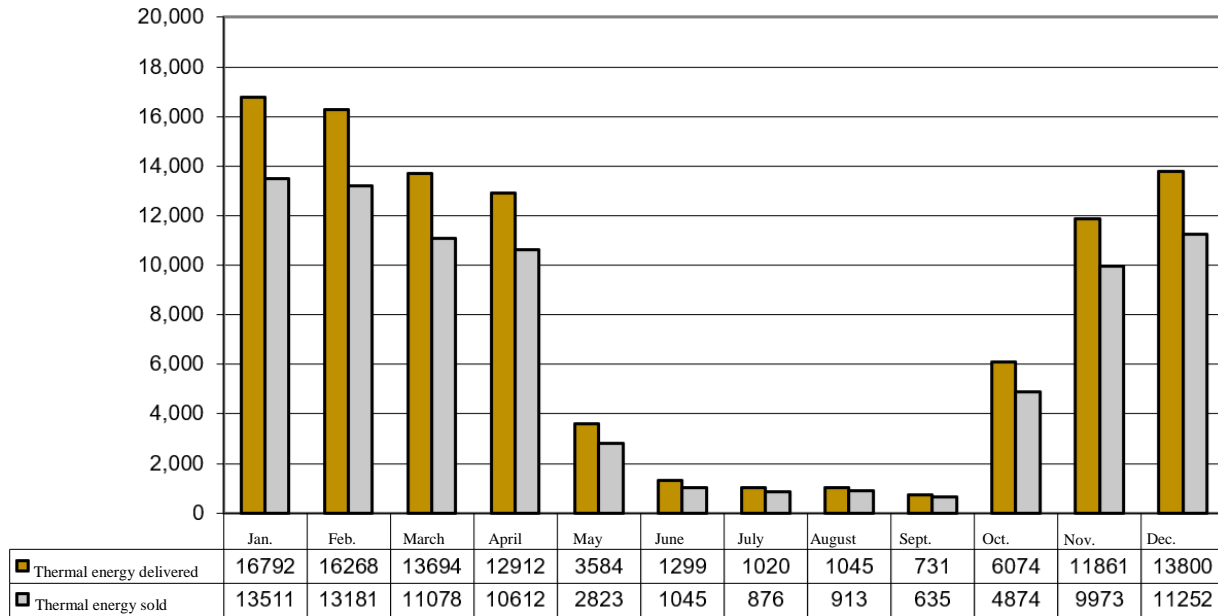
Thermal energy delivered

Thermal energy sold

91 699

74 595

Thermal energy delivered for heating/sold (Gcal)-2021



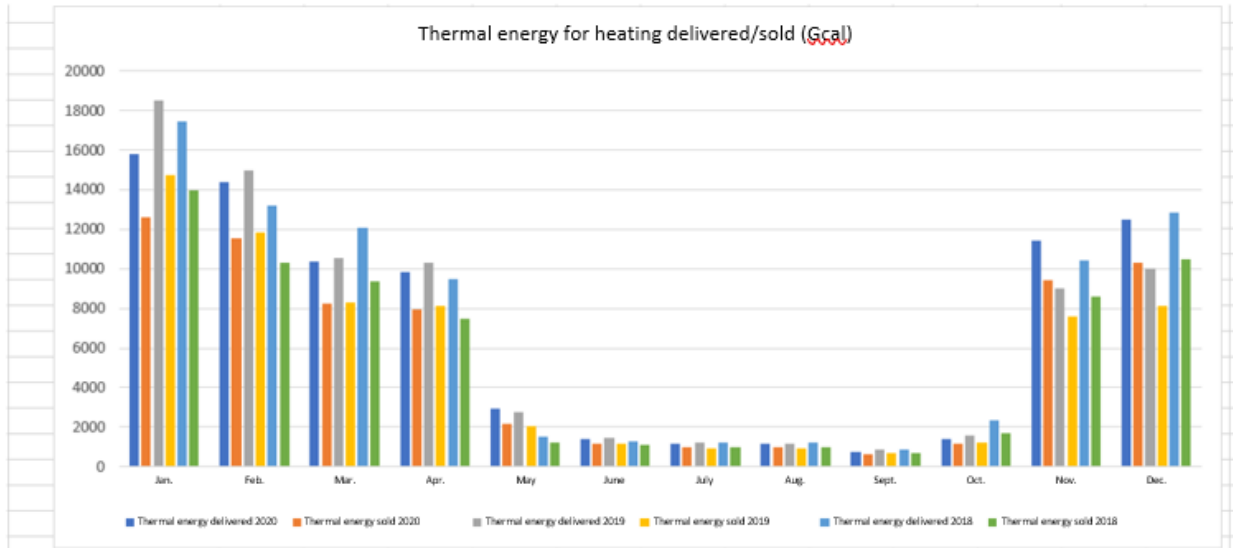
TOTAL 2021

Thermal energy delivered

99 081

Thermal energy sold

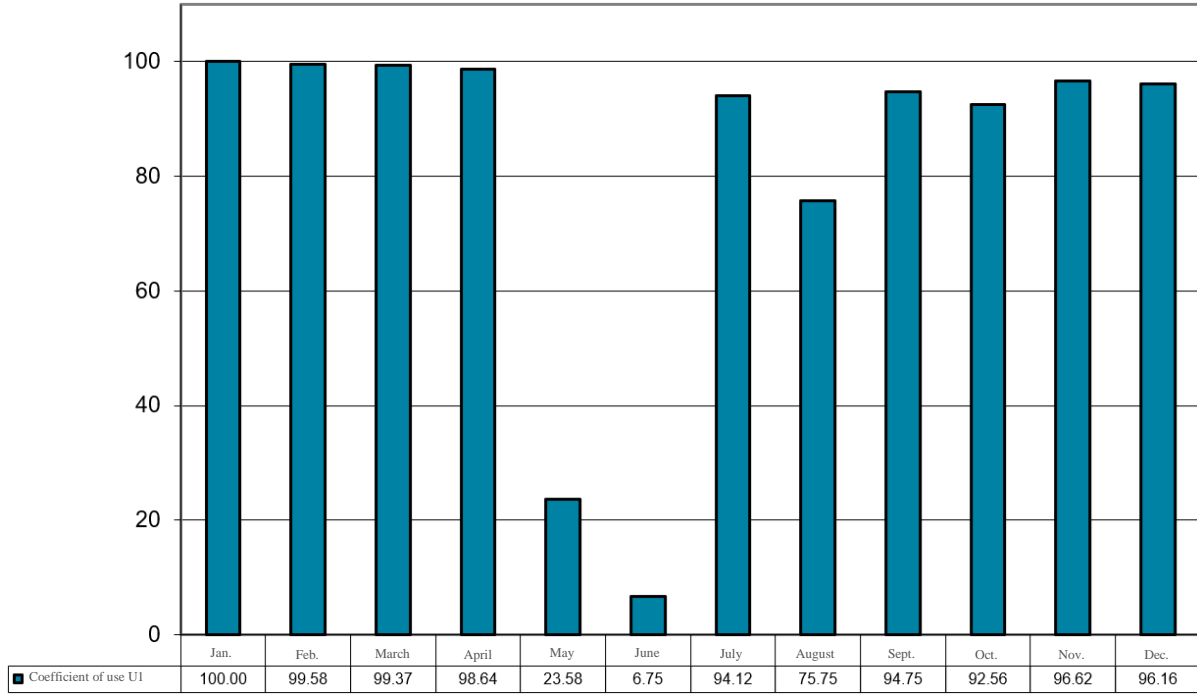
80 771



	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Thermal energy delivered 2020	15809	14400	10352	9824	2929	1398	1158	1166	750.93	1406	11455	12513
Thermal energy sold 2020	12595	11567	8237	7946	2198	1150	996	1010	633	1148	9428	10283
Thermal energy delivered 2019	18500	14945	10525	10310	2764	1439	1202	1148	894	1598	8983	10011
Thermal energy sold 2019	14735	11816	8307	8112	2067	1184	937	915	721	1225	7576	8144
Thermal energy delivered 2018	17427	13183	12054	9460	1501	1313	1212	1204	847	2356	10407	12836
Thermal energy sold 2018	13977	10318	9354	7499	1205	1118	1005	1000	698	1682	8603	10479

TOTAL 2020		TOTAL 2019		TOTAL 2018	
Thermal energy delivered	83 260	Thermal energy sold	67 189	Thermal energy delivered	83,799
				Thermal energy sold	66,940

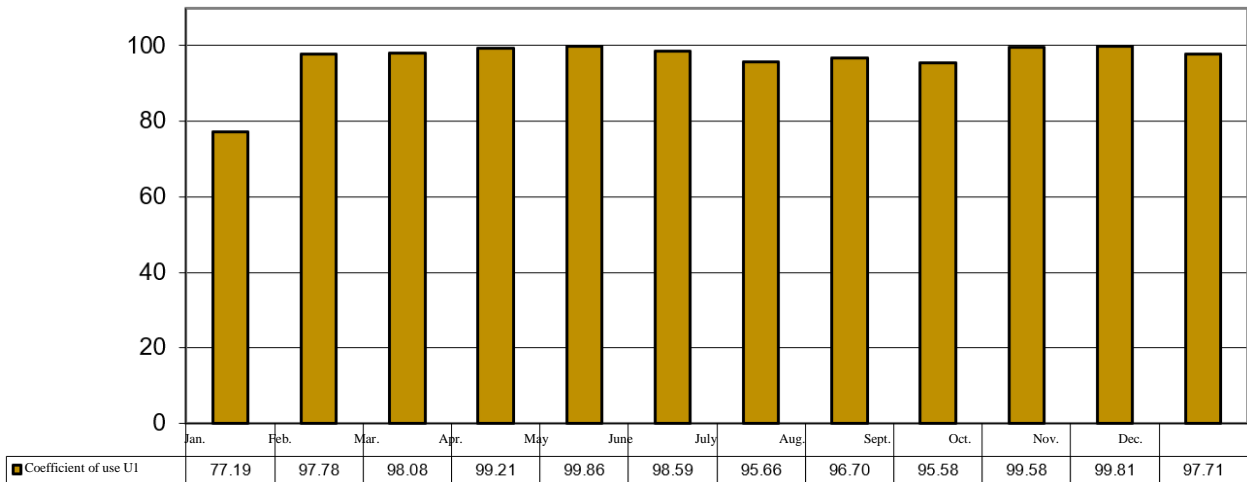
Coefficient of use of the installed power U1 (%) - 2022



Aggregate 2022 U1

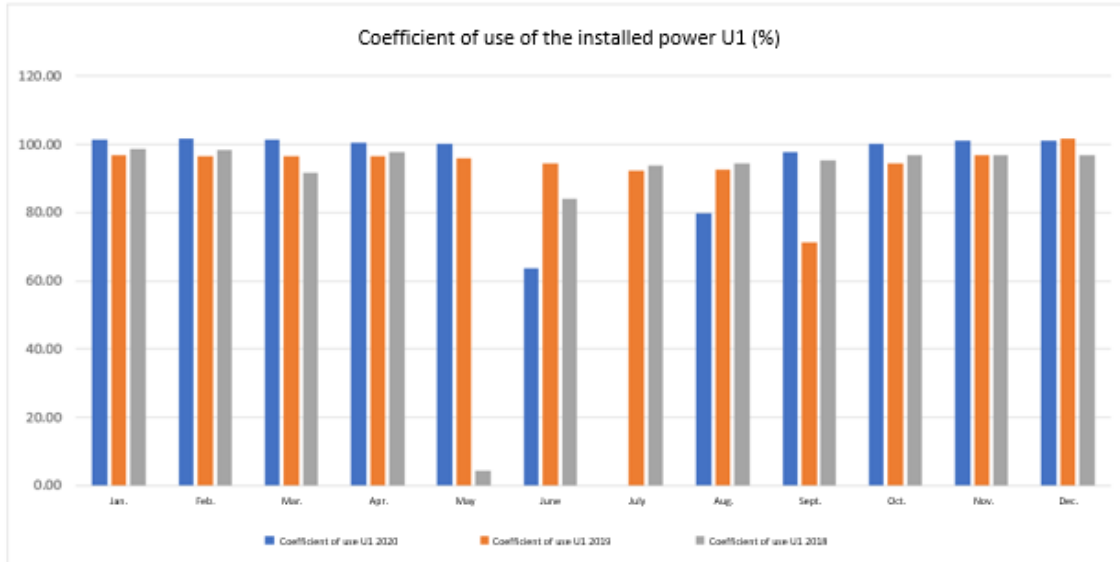
81.42%

Coefficient of use of the installed power U1 (%) - 2021



Aggregate 2021 U1

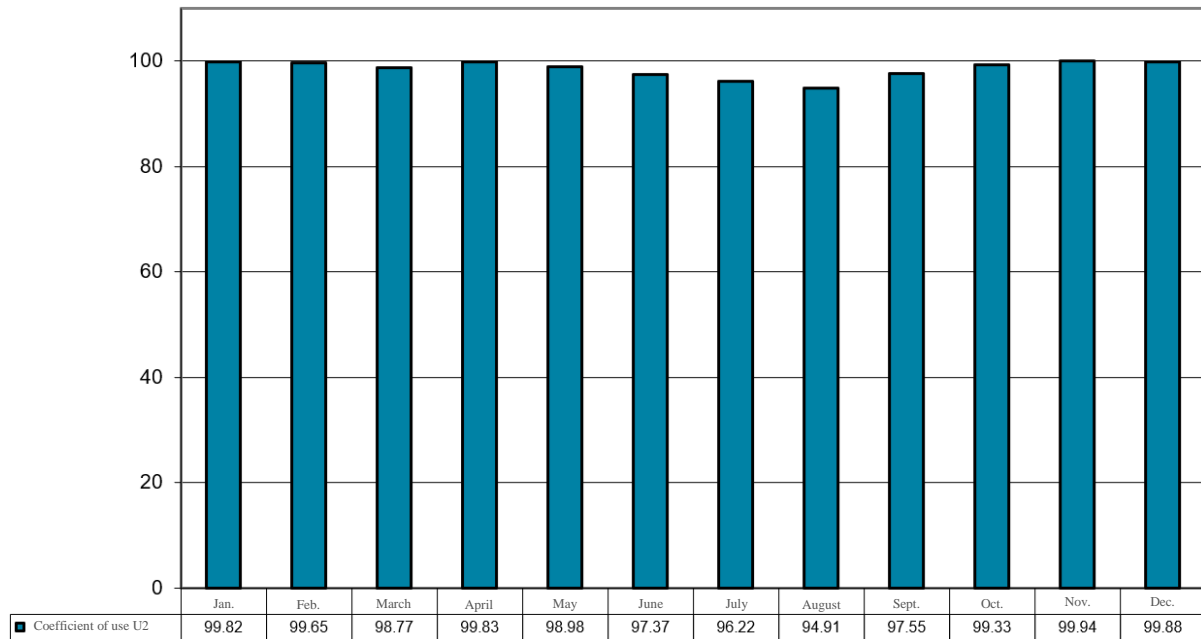
96.19%



	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Coefficient of use U1 2020	101.53	101.64	101.37	100.38	100.1	63.75	0	79.87	97.64	100.34	101.05	101.11
Coefficient of use U1 2019	96.78	96.7	96.6	96.47	95.96	94.46	92.41	92.54	71.43	94.37	96.79	101.6
Coefficient of use U1 2018	98.6	98.5	91.7	97.9	4.4	84.2	93.8	94.3	95.2	96.8	96.8	97

Planned 2020	Aggregate 2020 U1	Planned 2019	Aggregate 2019 U1	Planned 2018	Aggregate 2018 U1
87.5%	87.29%	92% (internal target CNE)	93.86%	87.4%	87.31%
(internal target CNE)				(internal target CNE)	

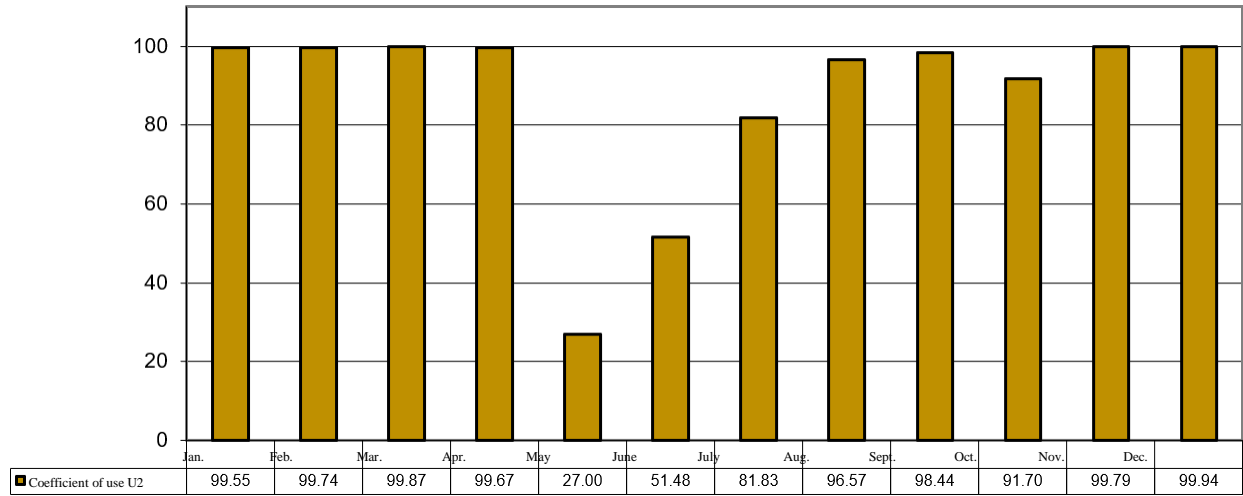
Coefficient of use of the installed power U2 (%) - 2022



Aggregate 2022 U2

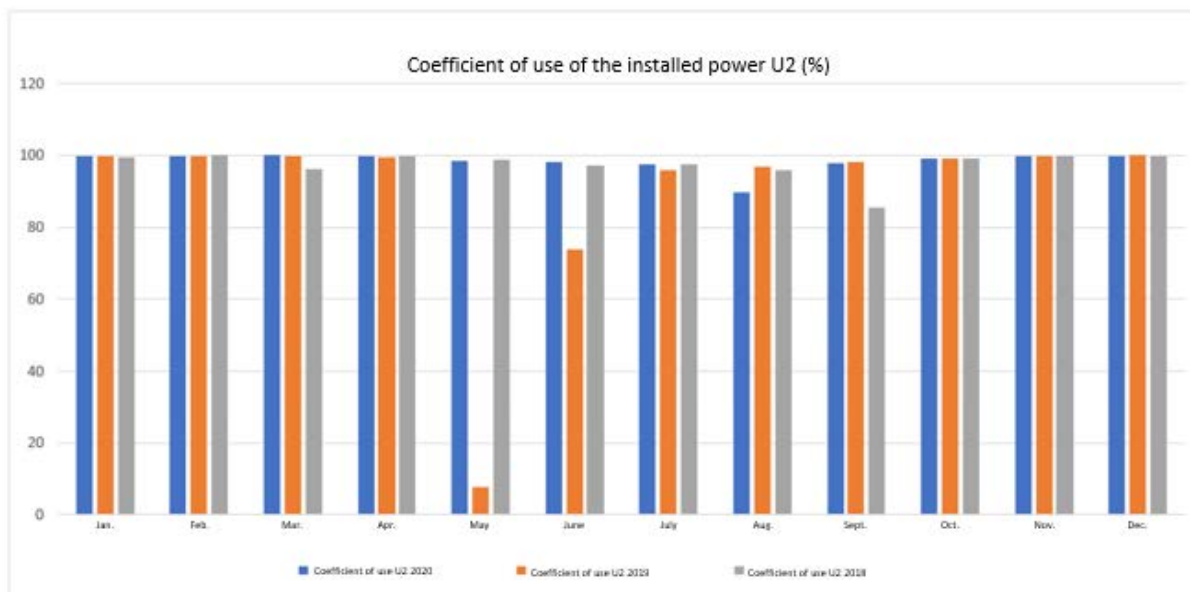
98.60%

Coefficient of use of the installed power U2 (%) - 2021



Aggregate 2021 U2

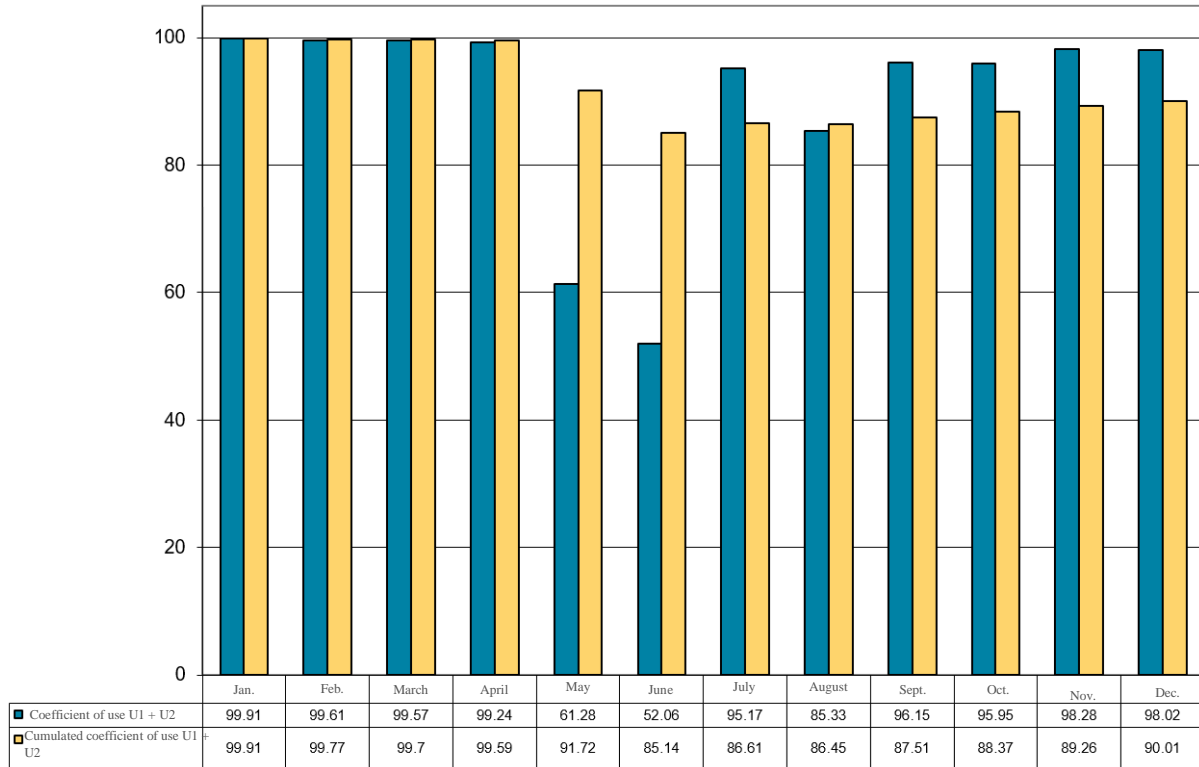
87.02%



	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Coefficient of use U1 2020	99.87	99.93	100.01	99.77	98.57	98.13	97.39	89.83	97.71	99.28	99.77	99.7
Coefficient of use U1 2019	99.93	99.75	99.71	99.53	7.63	73.96	95.93	96.82	98.14	99.3	99.89	100.01
Coefficient of use U1 2018	99.45	100.1	96.34	99.81	98.89	97.27	97.44	95.95	85.49	99.01	99.67	99.78

Planned 2020	Aggregate 2020 U2	Planned 2019	Aggregate 2019 U2	Planned 2018	Aggregate 2018 U2
97% (internal target CNE)	98.32%	90% (internal target CNE)	89.18%	99% (internal target CNE)	97.43%

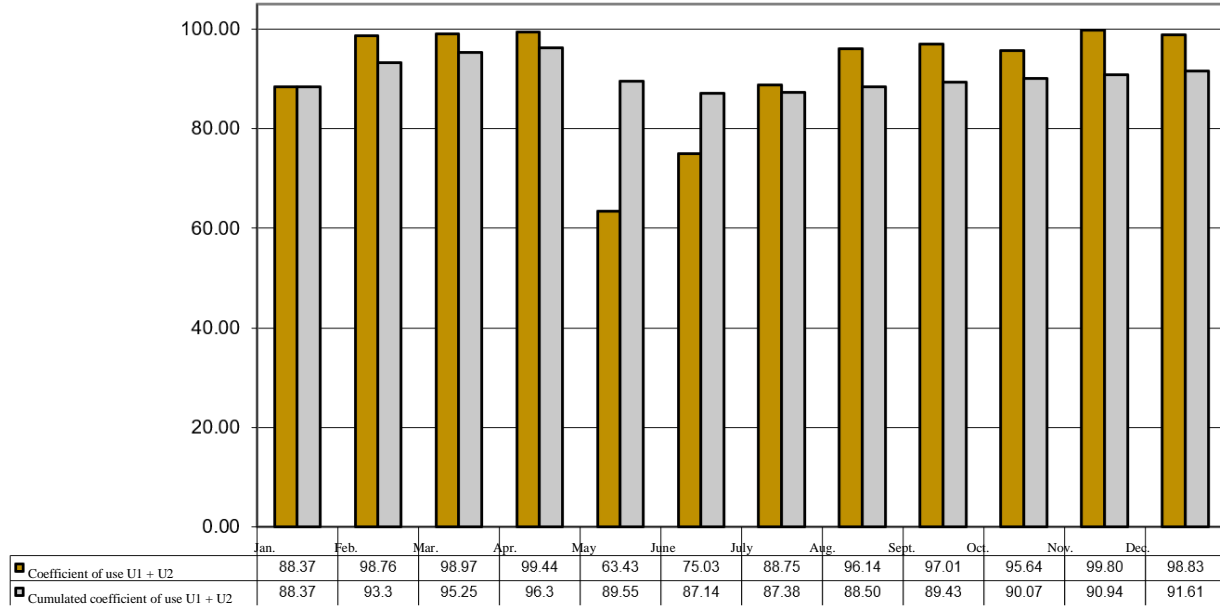
Coefficient of use of the installed power U1+U2 (%)



Aggregate 2022 U1+U2:

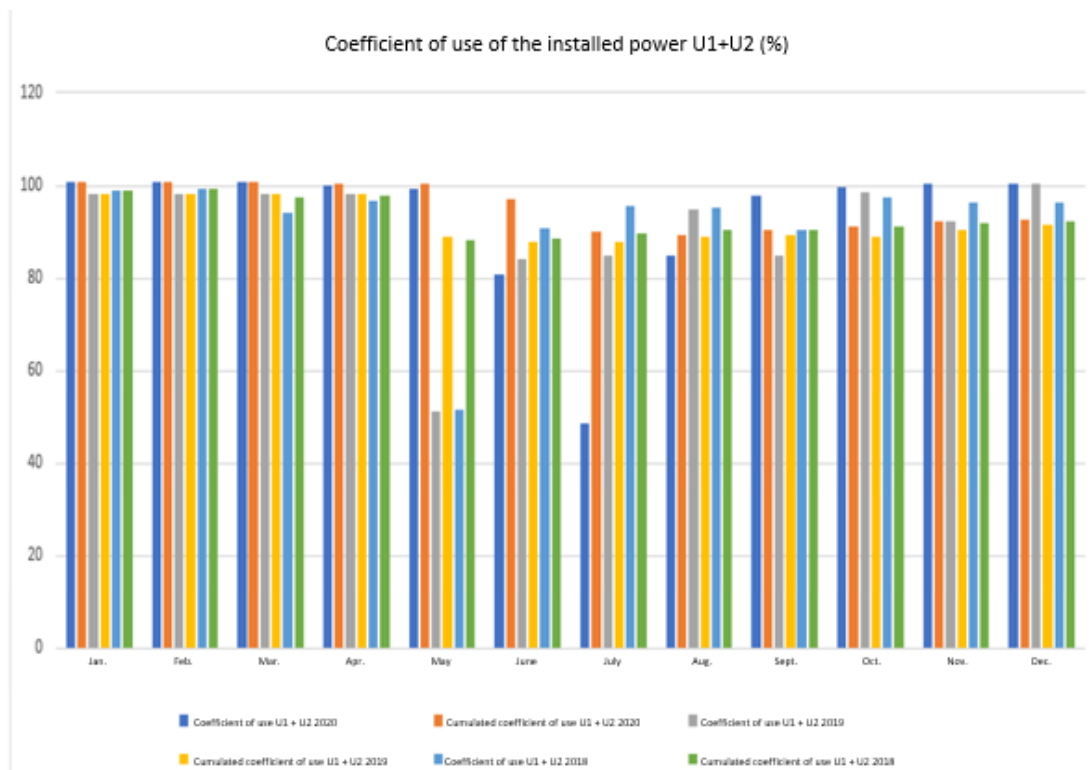
90.01%

Coefficient of use of the installed power U1 + U2 (%)-2021



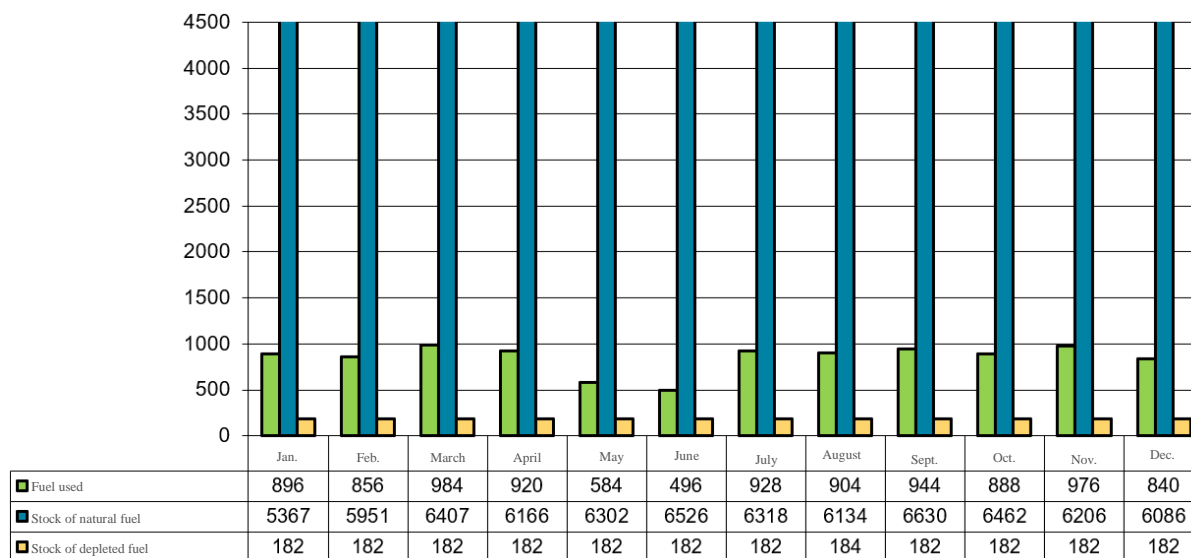
Aggregate 2021 U1+U2:

91.61%



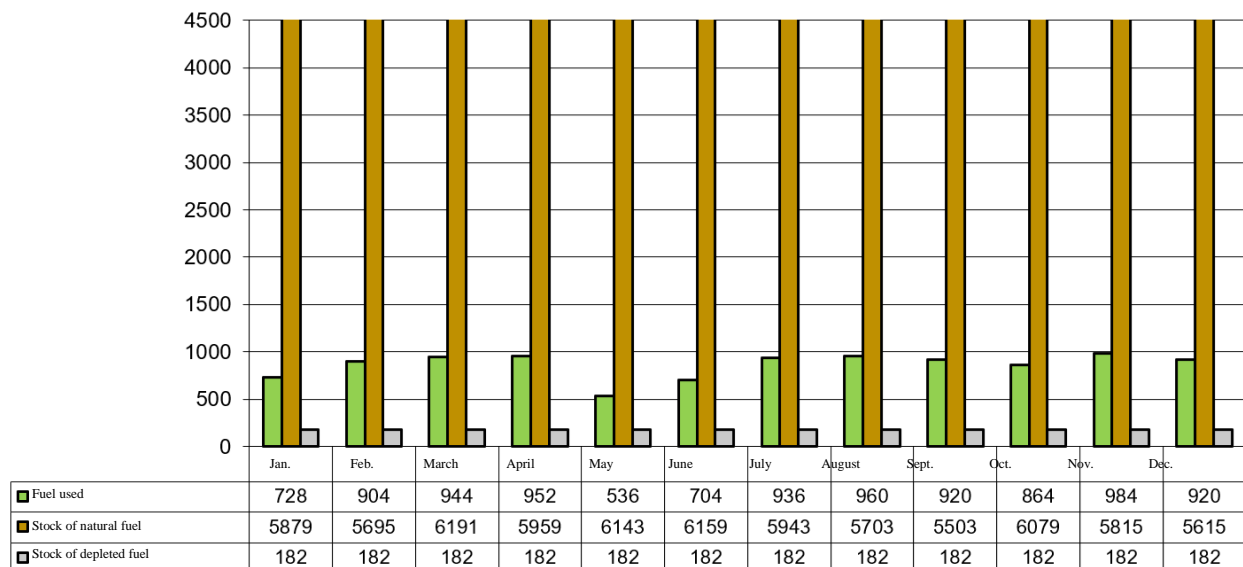
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Coefficient of use U1 + U2 2020	100.7	100.7	100.69	100.07	99.3	80.94	48.7	84.85	97.67	99.81	100.41	100.41
Dumulated coefficient of use U1 + U2 2020	100.7	100.7	100.73	100.57	100.32	97.12	90.07	89.41	90.31	91.28	92.1	92.8
Coefficient of use U1 + U2 2019	98.26	98.28	98.1	98	51.1	84.28	84.95	94.71	84.92	98.52	92.24	100.22
Dumulated coefficient of use U1 + U2 2019	98.26	98.28	98.28	98.1	88.88	87.92	87.92	88.91	89.11	88.9	90.55	91.52
Coefficient of use U1 + U2 2018	99.05	99.29	94.03	96.86	51.65	90.75	95.65	95.15	90.39	97.55	96.23	96.41
Dumulated coefficient of use U1 + U2 2018	99.05	99.16	97.4	97.77	88.3	88.7	89.72	90.41	90.41	91.18	91.81	92.37

Fuel used by U1 + U2/Fuel stock (bundles)

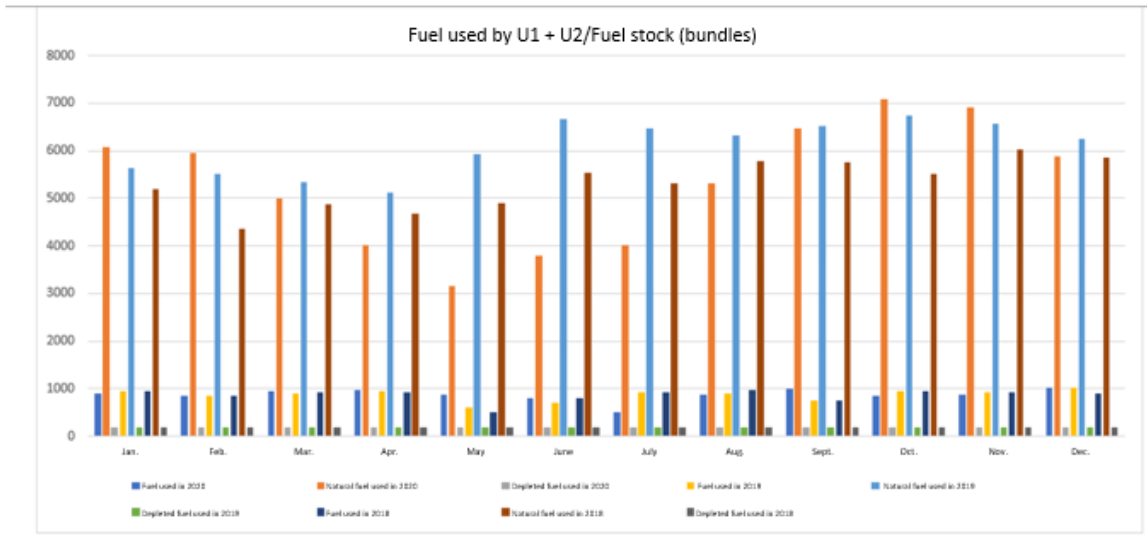


Aggregate consumption in 2022: **10,216**

Fuel consumption U1 + U2/Fuel stock (bundles)-2021



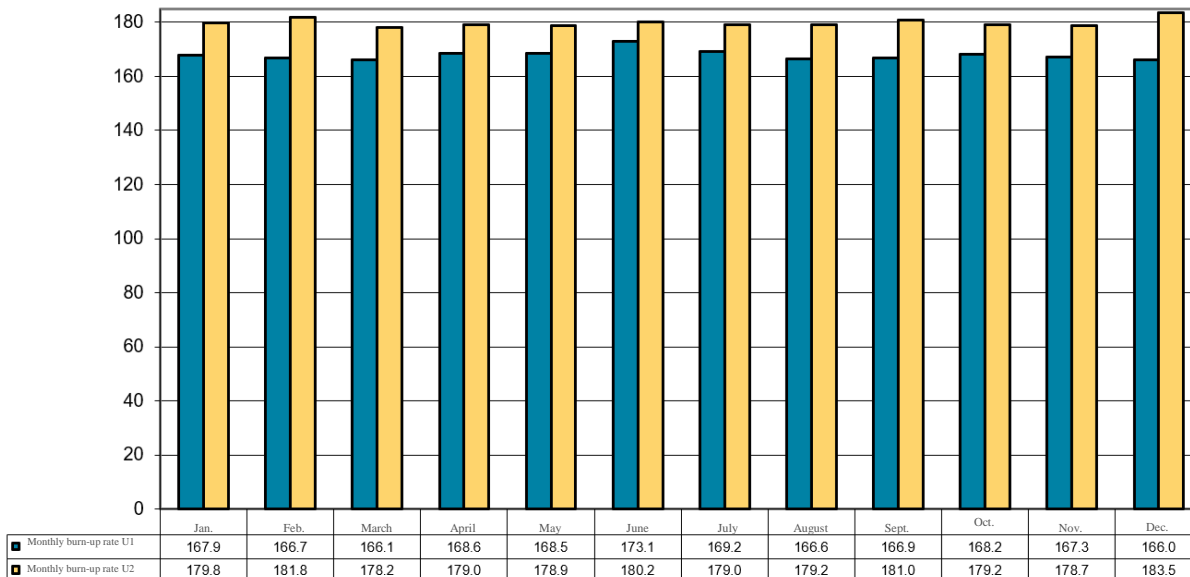
Aggregate consumption in 2021: **10,352**



	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Fuel used in 2020	896	856	944	976	872	792	512	864	992	848	880	1024
Natural fuel used in 2020	6083	5947	5003	4027	3155	3803	4015	5311	6479	7071	6911	5887
Depleted fuel used in 2020	186	186	186	186	186	186	182	182	182	182	182	182
Fuel used in 2019	944	840	888	952	616	704	916	896	760	952	912	1016
Natural fuel used in 2019	5627	5507	5339	5107	5931	6667	6475	6329	6529	6747	6555	6259
Depleted fuel used in 2019	190	190	190	190	186	186	186	186	186	186	186	186
Fuel used in 2018	944	840	928	928	496	800	928	976	760	952	920	904
Natural fuel used in 2018	5203	4363	4875	4667	4891	5531	5323	5787	5747	5515	6035	5851
Depleted fuel used in 2018	190	190	190	190	190	190	190	190	190	190	190	190

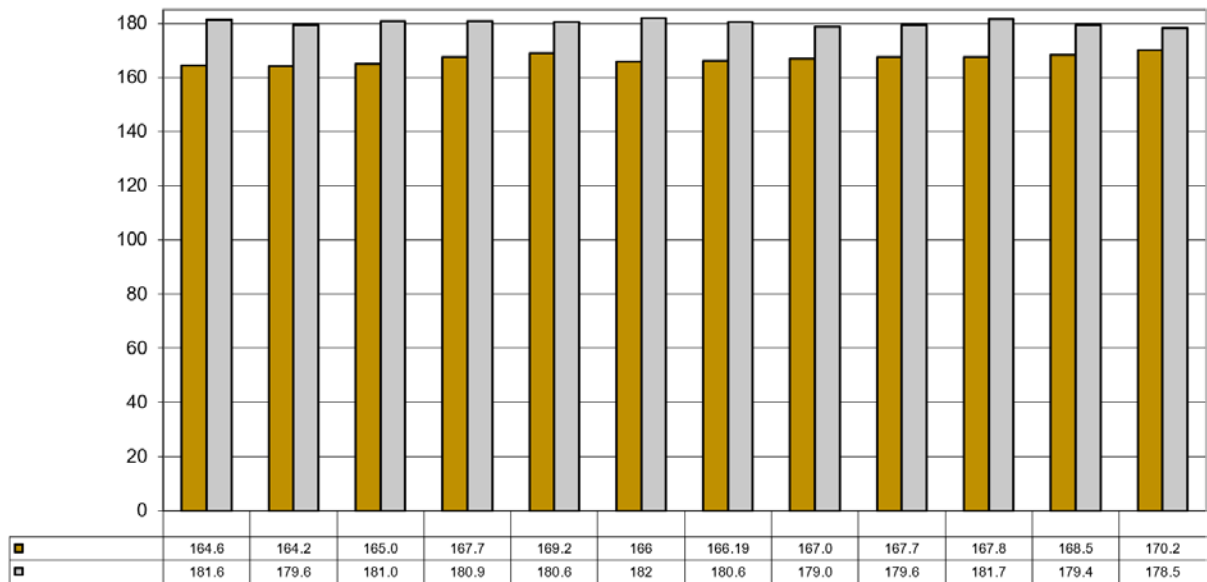
Aggregate consumption in 2020: 10 456 Aggregate consumption in 2019: 10,396 Aggregate consumption in 2018: 10,376

Nuclear fuel burn-up rate (MWh/ KgU) - 2022



Aggregate 2022:
173.6

Planned in the project:
min 156.00



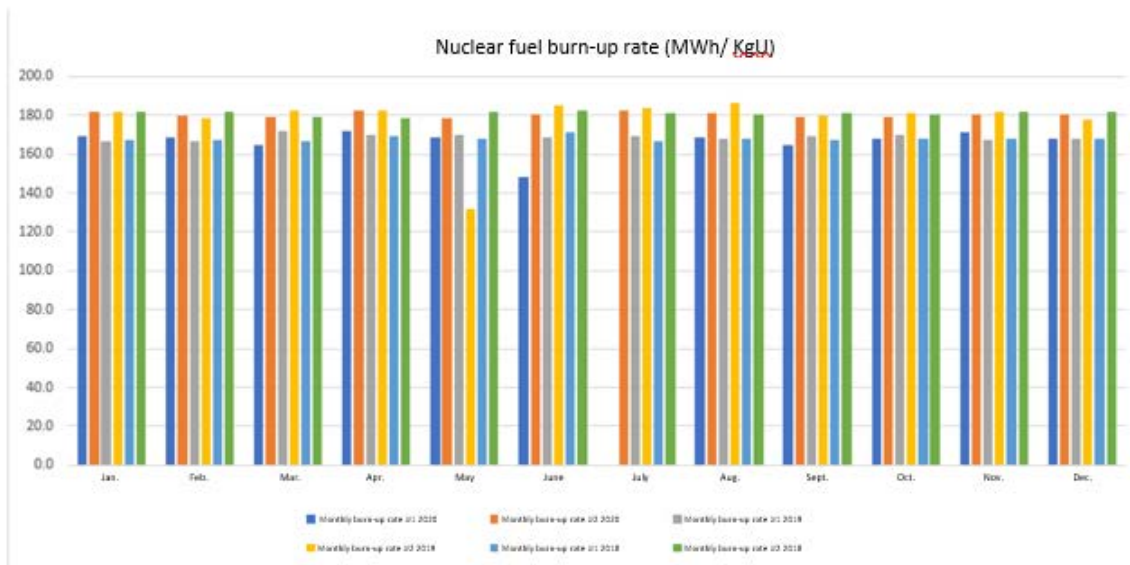
Nuclear fuel burn-up rate (MWh/ KgU)-2021

Aggregate 2021:

173.6

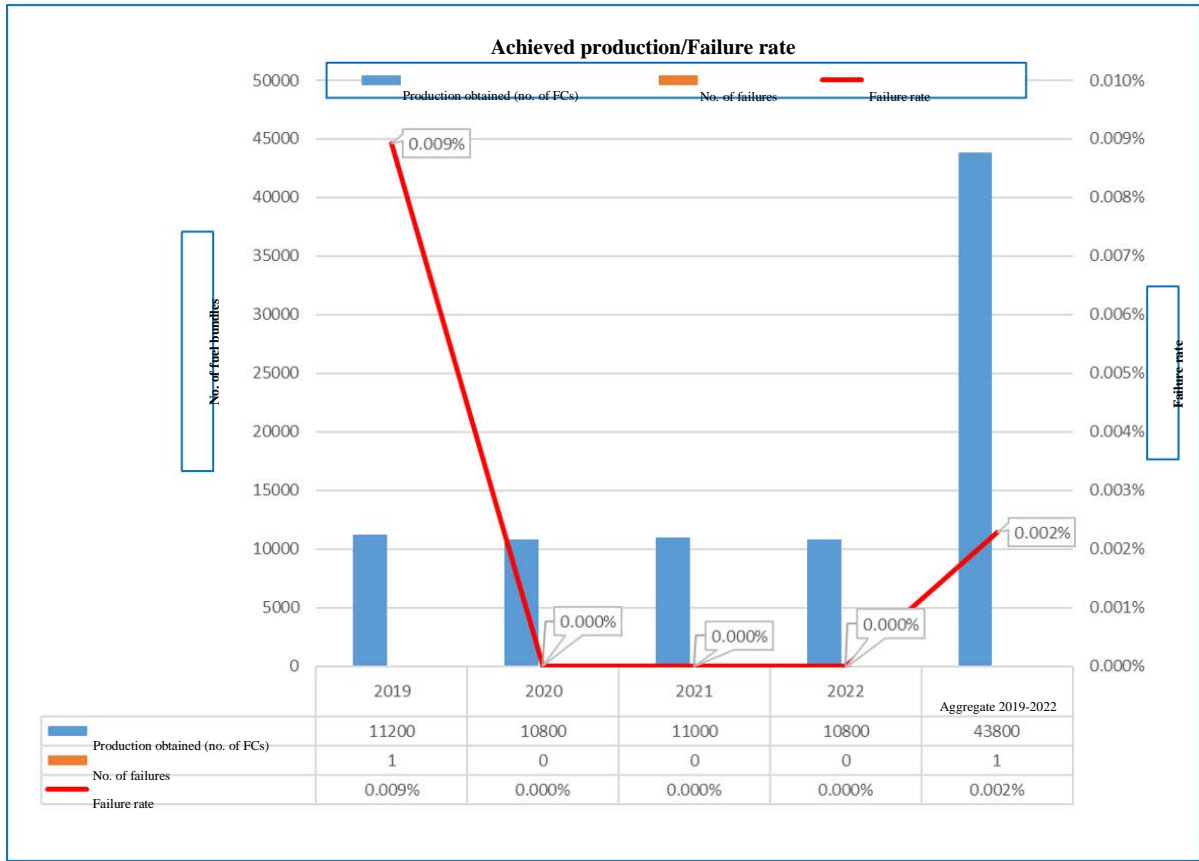
Planned in the project:

min 156.00



	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Monthly burn-up rate U1 2020	169.3	168.9	165.0	172.1	168.9	148.5	0	168.7	165	168.2	171.1	168.2
Monthly burn-up rate U2 2020	181.6	179.8	179.3	182.4	178.5	180.7	182.6	181.0	179.3	179.1	180.2	180.2
Monthly burn-up rate U1 2019	166.5	166.5	172	169.7	170.2	168.7	169.3	168.1	169.2	169.8	167.6	167.9
Monthly burn-up rate U2 2019	182.12	178.4	182.8	182.3	131.8	185.1	183.7	186.6	179.6	181.3	181.7	177.7
Monthly burn-up rate U1 2018	167.64	167.5	166.4	169.5	167.8	171.6	166.5	168.3	167.5	167.7	167.7	167.7
Monthly burn-up rate U2 2018	182.1	181.6	179	178.6	181.9	182.4	181.2	180.4	181	180.2	181.8	181.8

❖ Operational result - NFP PITESTI



The chart shows the number of bundles made, the number of production failures and the failure rate. The failure rate relates to the manufactured quantity and the year of manufacture of the FC notified as suspect/defective.

COMMITMENTS AND ORGANIZATIONAL POLICIES

Environment policy

The environmental policy is part of the integrated policy of Cernavoda NPP and is assumed under signature by the management of Cernavoda NPP. The policy document appears both on the Company's intranet page and on the notice boards, in order to be visible to the entire organization. The environmental management process (system) is developed and applied by Cernavoda NPP to ensure protection and control of the environment during activities with a potential direct or indirect environmental impact.

Cernavoda NPP has devised and put in place specific requirements to support minimization/elimination of any potential adverse impact on the environment resulting from the plant's activities. One of the mandatory annual objectives, which the Company commits to, is "0 Environmental Events", i.e. no environmental event leading to environmental pollution.

Important information about pollution prevention and control

Construction of the nuclear units includes also technical, administrative and procedural means and measures to control and monitor of the activities and equipment liable to affect the staff, the environment and the population with a view to eliminating and/or minimizing the risks attached to harming the environmental factors.

The emergency plan of Cernavoda NPP, as approved by the nuclear activity regulatory authority (NCNAC), contains procedures specific to the types of emergencies and means of response to emergencies, including for situations liable to affect the environment and the population (chemical, radiological, etc. emergencies), and defines the membership and operational response responsibilities of the emergency teams.

The technical pollution prevention and control measures concern mainly the following:

- equipment for the continuous control of radioactive liquid and gaseous effluents;
- Defence in Depth - via physical barriers to prevent uncontrolled discharges into the environment (e.g. active/inactive drainage system with controlled discharge, radioactive liquid effluent collection tanks for retention and monitoring of compliance with the approved discharge limits, retention filters, etc.);
- laboratories notified to the NCNAC and appropriate laboratory equipment for performance of physical-chemical and radio-chemical analyses for environmental monitoring purposes;
- materials and equipment for intervention in case of leakages/accidental pollution, including appropriate protection and radiation protection equipment, by risk category;

- containers and other devices used to collect and contain leakages and/or other substances and/or materials liable to affect the environment and staff, as well as suitable containers for waste storage by category, conventional fuel tanks;
- spaces specially fitted-out and authorized for the temporary storage of chemicals, materials of nuclear interest, conventional fuels, nuclear fuel, spent fuel, radioactive waste, non-radioactive waste (by storage categories and classes), gas;
- vessels for leakage collection (at transformer station, diesel tanks).

Procedural measures mean the set of procedures regulating the use of chemicals, radioactive and non-radioactive gaseous and liquid effluent control product and non-radioactive waste management products; radioactive waste management; radioactive material and source control; nuclear fuel management; environmental agreements entered into with contractors who provide services with a potential environmental impact; emergencies, etc. These procedures take over the requirements, limits and conditions of the permits, clearances and protocols executed with the regulatory and control authorities, as well as the general and specific legislative requirements applicable to environmental protection and radiation protection, setting out the means of operation for all operating instances of nuclear power units in Cernavoda NPP: normal operation, abnormal situations, planned/unplanned or urgent shutdowns.

The administrative measures reflect the management inspection, observation and guidance actions for the plant's activities, as well as the ongoing assessment and reporting of all the environmental protection results, as these stem from the Environmental and Operation Permits, as well as from the duly executed Protocols with local authorities and other competent inspection authorities, both in-house and to the inspection authorities.

WASTE POLICY

Cernavoda NPP Branch, as a legal entity holding waste, classifies each type of waste generated from its own activity according to the legal provisions in force. Such classification is subject to the provisions of the Government Decision no. 856/2002.

Cernavoda NPP Branch, according to the Environmental Permit, does not carry out treatment, recovery, recycling and disposal of the generated non-radioactive waste, as defined by Law no. 92/2021, as amended and supplemented to date.

Domestic transport (on national public roads) of non-radioactive chemical waste is carried out in accordance with the specific legal provisions (ADR rules and Government Decision no. 1061/2008). Cernavoda NPP does not carry out any non-radioactive waste export operations.

Non-radioactive waste management in Cernavoda NPP, applied consistently across the Company, includes waste coding according to the Government Decision no. 856/2002, application of the types of operations and waste management practices according to the Government Emergency Ordinance no. 92/2021 and the Government Decision no. 856/2002, together with the regulatory acts adjacent thereto, with the main stages:

- Selective collection by types of waste;

- Temporary storage in containers or specially designed, concreted and marked spaces, located in the plant's premises;
- Keeping records for the quantities operated according to the above;
- Reporting on waste management to the competent authorities, according to legal requirements or at the request of the said authorities.

For radioactive waste management, there is an agreement with the Romanian State Authorities to establish the necessary financial sources for the final waste disposal. Pending completion of the final disposal site, radioactive waste is stored on the site of Cernavodă NPP, in keeping with applicable highest safety standards.

Construction of the nuclear units includes also technical, administrative and procedural means and measures to control and monitor of the activities and equipment liable to affect the staff, the environment and the population with a view to eliminating and/or minimizing the risks attached to harming the environmental factors.

19.3 RESOURCE USAGE POLICY AND COMMITMENT

SNN/Cernavoda NPP supports the rational use of energy and natural resources, striking a balance between environment, energy and economy. This is described in the Integrated Management System Manual of Cernavoda NPP.

It is envisaged that the technologies used and the products and equipment purchased meet the acceptability criteria for the minimum reasonable technological impact on the environment, falling, given the limitation stemming from the requirement to maintain the design setup of the nuclear units, in the category of environmentally-friendly products and materials with low energy impact throughout the entire lifecycle.

The impact on the environment is prevented and this refers both to our own operating activities and those of our business partners.

This commitment translates into:

- Integration of the sustainable development concept into projects and investments;
- Compliance with the domestic and Community legislation, permits and environmental protocols and agreements;
- Continuous improvement of environmental performance.

19.4 COMMITMENT TO IMPLEMENTATION OF THE ENVIRONMENTAL MANAGEMENT SYSTEM

Environmental protection in Cernavodă NPP was and continues to be a permanent and responsible concern of the entire staff.

The environmental management process (system) is developed and applied by Cernavoda NPP to ensure protection and control of the environment during activities with a potential direct or indirect environmental impact.

Cernavoda NPP has devised and put in place specific requirements to support minimization/elimination of any potential adverse impact on the environment resulting from the plant's activities.

The requirements set out by Cernavoda NPP stem both from application of the specific nuclear regulations and the applicable environmental legislation, as well as from the voluntary compliance with the requirements of the Standard ISO 14001:2015 and Regulation (EC) 1221/2009 on the voluntary participation by organisations in a Community eco-management and audit scheme (EMAS).

The conclusions of the annual audits carried out by the certification body prove that we have in place a functional environmental management, as a component part of the organization's integrated management system, which is continuously improved and aligned to the international environment and population protection requirements.

The risks attached to performance of the activities are identified, assessed and documented, and measures are taken to prevent/minimize their occurrence by implementing a risk management process.

Cernavoda NPP implements and maintains a Defence in Depth concept, which includes technical and procedural barriers aimed at preventing and mitigating of the effects of accidents, and responding to emergencies, taking into account triggers related to equipment and human performance, as well as credible severe external conditions (earthquakes, floods, bad weather, etc.) which can affect the operation of the plant.

Cernavoda NPP has devised clear principles that are the basis of activities likely to have a direct or indirect impact on the environment.

Details about the environmental activities and results/performance are included in the document "Environmental Statement", available to the public on the SNN website.

Currently, Cernavoda NPP Branch holds a number of permits related to environmental protection, as follows:

(i) Environmental Permit for S.N. Nuclearelectrica S.A. - Cernavoda NPP Branch - Unit no. 1 and Unit no. 2 of Cernavoda Nuclear Power Plant issued under the Government Decision no. 84/15.02.2019, published in the Official Gazette no. 152/26.02.2019. This permit covers all assets and activities related to operation of Unit 1 and Unit 2 of Cernavoda NPP, including both the nuclear component and the conventional component of the Plant.

(ii) Greenhouse Gas Emission Permit no. 38/2021, issued by the National Environmental Protection Agency for the application period 2021 - 2030, according to which the start-up thermal plant, the diesel groups and the motor pump of the fire water system fall under the scope of the legislation aimed at reducing the greenhouse gas emissions.

(iii) Water Management Permit no. 72 of 6 September 2021, amending Permit no. 58/01.07.2021, and concerning: "Water supply and Waste Water Discharge for U1 and U2 of CERNAVODA NPP", (valid until 30 June 2026), issued by "Administratia Nationala Apele Romane".

(iv) Water Management Permit no. 94/28.06.2022, issued by Dobrogea-Litoral Water Basin Administration for the "Cernavoda Spent Fuel Intermediate Storage (DICA)", valid until 30 June 2024. With this permit, Dobrogea-Litoral Water Basin Administration granted the Company the right to use the hydraulic engineering structures and receptors for the discharge of rainwater from the surface of the Spent Fuel Intermediate Storage and to discharge the rainwater into Cismelei Valley, provided that the quality indicators related to the presence of radioactive elements observe the limits set out by NCNAC.

The Company holds certificates for its environmental management system, as follows:

a) Certificate no. 56 concerning the Environmental Management System of SNN - Cernavoda NPP Branch for the Electricity and Heat Generation activity using nuclear sources and support and related activities, according to the conditions of the standard SR EN ISO 14001:2015 (ISO 14001:2015), issued by IQNet and SRAC on 10 June 2022 and valid until 14 December 2025.

b) EMAS Registration Certificate no. RO-000017, re-registration date 16 October 2021, expiry date 16 October 2024.

c) Certificate no. 402 concerning the Occupational Health and Safety System according to ISO 45001:2018, recertification date:; last updated on: 06 July 2021, valid until: 23 April 2025.

The impact of the Power Plant's operation on the environment is continuously monitored and reported according to the requirements of the operating and environmental permits. In 2022, Cernavoda NPP observed the pollutant limits set out in the environmental permits.

19.5 MANAGEMENT COMMITMENTS IN THE ENVIRONMENTAL POLICY

The environmental policy is part of the integrated policy of Cernavodă NPP and is assumed under signature by the management of Cernavodă NPP. The policy document appears both on the Company's intranet page and on the notice boards, in order to be visible to the entire organization. The environmental management process (system) is developed and applied by Cernavodă NPP to ensure protection and control of the environment during activities with a potential direct or indirect environmental impact.

The Environmental policy provides:

- The responsibility for implementation of a Management System in accordance with the legal requirements and the NCNAC Rules for Management Systems in the Nuclear Field, voluntarily integrates the requirements of the management standards ISO-9001, ISO-14001, ISO-45001, ISO-17025, ISO-27001, including the requirements of the EMAS Regulation on the Community eco-management and audit scheme.
- Cernavoda NPP has adhered to the standards of excellence in the nuclear field and has embarked in a process of continuous improvement of the organization's performance by benchmarking it against the best performing nuclear power plants worldwide.
- Any activity in Cernavoda NPP is carried out only on the basis of approved documents that integrate the requirements of the applicable laws and standards. Any departure from the management system documents is promptly reported, recorded and assessed for causes, and measures are ordered.
- The risks attached to performance of the activities are identified, assessed and documented, and measures are taken to prevent/minimize their occurrence by implementing a risk management process.
- Cernavoda NPP implements and maintains a Defence in Depth concept, which includes technical and procedural barriers aimed at preventing and mitigating of the effects of accidents, and responding to emergencies, taking into account triggers related to equipment and human performance, as well as severe external conditions (earthquakes, floods, bad weather, etc.) which can affect the operation of the plant.
- Nuclear safety of the population, staff and environment takes priority over production-related matters.
- The units are operated in strict compliance with the requirements of the operating permits, and the limits and conditions imposed by OP&P, as well as the other documents approved by the authorities, and any accidental infringement is reviewed in detail and reported to NCNAC.
- Communication with the regulatory authorities is open and trust-based.
- Only trained, skilled and, as the case may be, authorized staff are used to carry out the activities, according to the requirements of the regulatory documentation.
- Cernavoda NPP makes sure that the necessary funds and resources are available to achieve high performance in all fields and is committed to the efficient management of these funds.
- Cernavoda NPP makes sure that the necessary funds are available to improve or acquire high-eco performance technologies in order to prevent environmental pollution and preserve a clean environment.

- Cernavoda NPP is committed to continuous improvement of its environmental performance and compliance with the obligations stemming from permits and the applicable regulatory acts.
- Cernavoda NPP ensures implementation and maintenance of the employee consultation and participation processes at all levels and for all applicable functions, as well as worker representatives' participation in development, planning, implementation, performance appraisal and improvement actions related to the occupational health and safety management system.
- Cernavoda NPP pays great importance to implementation of all necessary measures to prevent major accidents involving dangerous substances.

19.6 CONSULTATION OF THE CATEGORIES OF STAKEHOLDERS ON ENVIRONMENTAL MATTERS

The management of Cernavodă NPP, as part of National Company Nuclearelectrica SA, pays special attention to of communication with, and transparency towards, all stakeholders: staff, population, local and national authorities, NGOs and media, seeking to depict and maintain a realistic image based on facts and concrete data able to strengthen the positive characteristic of nuclear energy, as well as its major social and economic impact.

The nuclear energy is regulated and controlled and always under careful watch of the control authorities, national and international governmental organizations, non-governmental organizations, mass-media and public. Cernavodă NPP abides by, and puts in place, the highest environment, staff and population protection standards.

The stakeholders' expectations from Cernavoda NPP are:

1. **the Government, the Parliament, the Ministries, the Central Authorities, the Local Authorities, and the Regulatory and Control Authorities.** Cernavoda NPP is expected to comply with the legal requirements (i.e. compliance obligations under permits, protocols, clearances, etc. or further to the incidental requirements of the authorities) and operate the nuclear power plant in observance of the limits and conditions imposed under permits or the duly executed protocols. Cernavoda NPP is further expected to safely and securely deliver the amount of energy projected to be delivered, in order help ensure Romania's energy security.
2. **Business partners (energy users, energy transmitters, consumers).** Cernavoda NPP is expected to produce electricity and heat in compliance with all legal requirements applicable to environmental protection and the voluntarily implement, in its own work system, the latest environmental and OHS standards, conveying them the trust that Cernavoda NPP is a reliable business partner. All agreements signed with them concerning environmental protection (e.g. environmental agreements with contractors, protocols, etc.) become mandatory to be observed.
3. **NGOs, the Public, the Local Community, External Organizations (WANO, INPO, etc.).** The organization is expected to carry out its activity showing care for the environment and the population and these stakeholders need to be provided with relevant information about the activity carried out by Cernavoda NPP, in compliance with all legal

environmental protection requirements. The expectations listed above are duties compliance duties towards these entities for Cernavoda NPP. These also expect to be regularly informed about the environmental performance, be consulted about future projects, and be consulted in the permitting process, in accordance with the rights acquired under the Aarhus Convention and the legislative framework regulated at national level. They expect to received answers to their requests for information and concerns made known via the communication channels with SNN/NPP through the information centers, public relations departments, and the local advisory committee.

4. **NPP employees and contractors.** They expect that their work is recognized and rewarded according to their expectations of the required performance, and they need a healthy and safe work environment. All agreements signed with contractors of services or products concerning environmental protection (e.g. environmental agreements) become mandatory to be observed.

In order to identify all the aspects of reducing pollution, minimizing the volume of waste on site or resources using, all stakeholders representing parties interested in the activity of Cernavoda NPP are involved:

1. Suppliers of services and products: "Environmental Protection Agreements" are signed as an annex to the contracts signed with them, whereby the requirements concerning environmental protection requirements, compliance with waste management procedures, etc. are made known to them. This is a safeguard by which we make sure that the environmental protection and waste management requirements are known, understood and implemented by the third parties who carry out activities on the NPP site.

For each type of waste, there are contracts signed with third parties for the recovery, removal or temporary or definitive storage disposal of the non-radioactive waste generated. For radioactive waste management, there is an agreement with the Romanian State Authorities to establish the necessary financial sources for the final waste disposal.

2. Institutions of the Romanian state: collaboration protocols are signed with institutions of the Romanian state, under which any abnormal situation related to accidental pollution is reported both ways for the measures required to minimize the environmental effects of pollution to be taken;

The information and communication policy of Cernavodă NPP

With a view to a good information and communication with all categories of interested public, the Cernavoda NPP's PR policy, as part of National Company Nuclearelectrica, is based on collaboration, honesty, trust and respect.

The key PR objective of Cernavoda NPP is to increase acceptance of nuclear energy, by gaining the trust of population as to this electricity generation source. Development of relations with international organizations, local and central administration organizations, media and domestic and

international civil society representatives are other areas where Cernavoda NPP acts to maintain a positive image of the Company and provide the public with accurate information about the benefits of nuclear energy.

For a comprehensive approach to community consultation, Cernavoda NPP decided to supplement its community communication and consultation programme by setting up the Community Information and Consultation Board (CICB).

The purpose of CICB is to identify the issues, concerns and interests of the community and to provide Cernavoda NPP with consultancy, advice, opinions and suggestions about the community expectations in all areas/fields of interest, with a view to continuously improving the activities on site and making a contribution to the well-being of the community.

Cernavoda NPP is the largest employer in Town of Cernavoda. The community benefits also of district heating that uses the heat carrier supplied by the nuclear power plant, which is the cheapest in the country. Furthermore, under the Nucleus of Care CSR platform, Nuclearelectrica gets involved in, and supports, projects for the benefit of the local community (refurbishment and provision of equipment to hospitals and education units, sports and leisure spaces, etc.)

Implementation of new projects in Cernavoda NPP brings along opportunities for the local residents (jobs, rental of accommodation spaces and related services). According to the public consultations, the local community representatives believe that the operation of the power plant and the new projects, thanks to these economic opportunities brought along, do have positive social impact.

Resources used in own activity

20.1 AMOUNT OF WATER USED

For operation of Cernavoda NPP, the Danube water is used to ensure that the heat source is taken over from condensers. The amount of water used is set out under the project and can only be adjusted within very small limits, depending mainly on the outside temperature of the input water. No streamlining to reduce the cooling water use factor can be foreseen.

YEAR	DRAWN VOLUME (THOUSAND CUBIC M)
2019	2,285,029
2020	2,253,703
2021	2,239,122
2022	2,134,009

20.2 AMOUNT OF RAW MATERIAL USED

The nuclear power plant of Cernavoda uses fuel bundles as "raw material" for electricity generation. The amount of fuel bundles is provided under the project at approximately 5,000 fuel bundles per unit per year, and remains constant. How intensive these bundles are used depends on a physical and chemical calculation, and the amount varies slightly according to a number of factors.

The number of fuel bundles used to obtain electricity.

	U#1	U#2
Year	# of U-Nat bundles loaded	
2019	5456	4940
2020	5112	5344
2021	5576	4776
2022	4840	5376

Environment monitoring data

1.1 EMISSIONS

21.1.1 Radioactive emissions

The most important radionuclides analysed and controlled at Cernavoda NPP are the following:

- Tritium: An isotope of hydrogen that emits very low-energy beta particles. Its nucleus is made up of one proton and two neutrons.
- Carbon-14: radiocarbon or radioactive carbon is a radioactive isotope of carbon with an atomic nucleus that contains 6 protons and 8 neutrons. It emits low-energy beta particles.
- Noble gas: Fission or activation products, which have the chemical structure of Noble Gas. They are mainly isotopes of Xenon, Argon, and Krypton.
- Aerosols: very small solid or liquid radioactive particles (between 0.01 and 100 microns), suspended in a gas.

- Iodine: The radioactive isotopes of iodine are fission products. The main isotope present in emissions is Iodine-131.

This control guarantees a reduced impact on the environment, as well as the safety and health of the population. When calculating the atmosphere emission limits, the food chain and any potential concentration phenomena in some species are considered.

Derived Emission Limits are maximum quantities legally allowed or authorized for radionuclides that are released into the air so that neither the health of the population, nor the environment are affected.

The main pollutants found in the air discharged from the Reactor Building and the Services Building, *i.e.* tritium, solid particles, iodine and noble gas, are taken over by the power plant's ventilation systems and treated accordingly in the D2O vapor recovery systems and the ventilation and air filtration systems. The air filtration process ensures that releases into the air are kept within the limits approved by the nuclear regulatory authority, NCNAC.

The contaminated or potentially contaminated air is collected by the ventilation systems and is discharged via a common exhaust stack after filtering and monitoring. The radioactive gas emissions are supervised by continuously monitoring the air discharged through the plant's stack with the aid of the Gas Effluents Monitor. For the exhaust of the potentially radioactive air, Derived Exhaust Limits have been established for each radionuclide. These limits have been approved by the regulatory authority, NCNAC.

As an example, the chart below shows the emission values for liquid and gas radioactive effluents. These values are below the documentary limit set by Cernavoda NPP, and the limit is way below the legal limit, *i.e.* **14 µSv/year**.

Year	Radioactive emissions in the environment U1+U2 [microSv]	Annual target [µSv/year] established by Cernavodă NPP
2019	5.77	≤ 8.5
2020	5.60	≤ 8.5
2021	7.40	≤ 9
2022	7.85	≤ 9

21.1.2 Radiation protection programme

The main objective of the radiation exposure control process is to keep exposures as low as reasonably achievable (the ALARA principle).

The effectiveness of the ALARA policy in Cernavoda NPP is monitored by performance indicators based on the internal and external operating experience, and their regular reporting and analysis. Performance indicators give a measure of the effectiveness of the radiation protection programmes in optimizing radiation exposure.

Radioactive emissions in the air and water were far below the limits permitted for the Power Plant. The annual effective dose for a representative person, due to radioactive emissions into the

environment (Unit 1 and Unit 2) was 0.0078 mSv in 2022, while the average annual dose received by a member of the public from background radiation is 2.4 mSv.

21.1.3 Information about the monitoring and control of individual doses (for occupationally exposed staff)

In 2022, the collective dose achieved was 728.35 om mSv, the average annual dose for workers with recordable doses was 0.96 mSv, and the maximum individual dose was 7.96 mSv. The legal limit for the effective dose, for occupationally exposed workers, is 20 mSv/year, and the administrative limit at the NPP is 14 mSv/year. None of these limits has been exceeded.

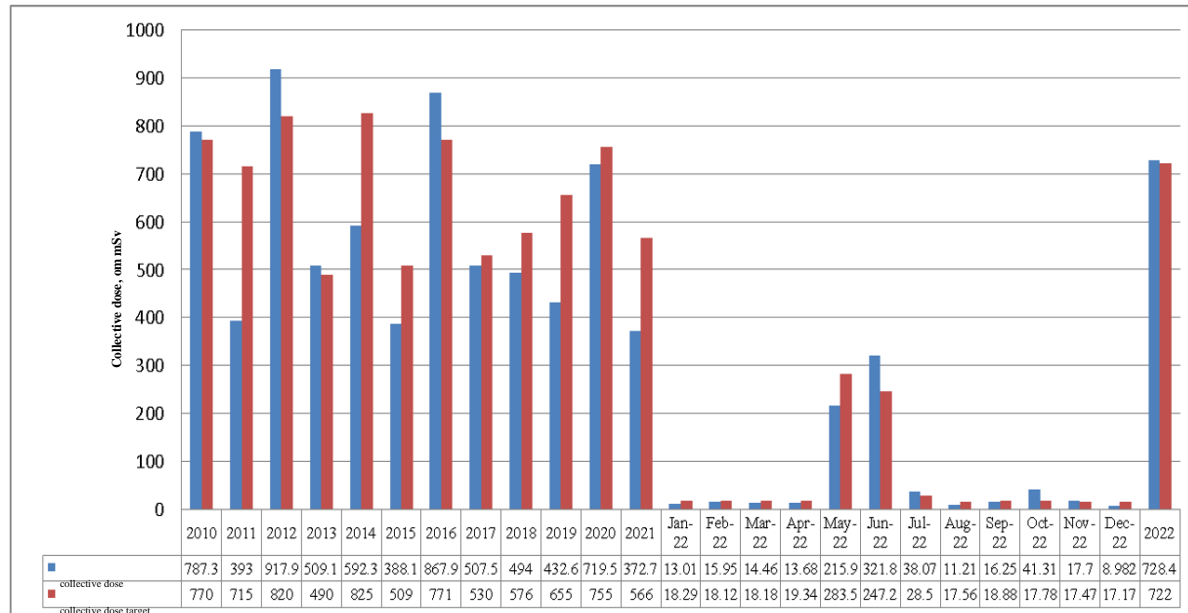
At the end of 2022, the collective internal dose reached 172.38 om mSv, *i.e.* 23.7% of the total dose across the Power Plant.

The Radiation Protection Department prepares and submits regular reports on the developments observed in collective doses and ALARA performance indicators, thus increasing the engagement of the Power Plant's staff in the control and optimization of the occupational exposure to ionizing radiation. How these objectives are attained is tracked via ALARA process, and the ALARA committees operate with excellent results. With an average dose per unit of 364.2 om mSv, Cernavoda NPP remains, according to the latest information, one of the best performing power plants in the CANDU group.

Year	Collective dose Om mSv	Internal collective dose Om mSv	Contribution of internal dose to total dose (%)	Individual maximum dose mSv	Medium dose (Collective dose / No. of persons exposed)
2019	432.63	113.18	26.16	7.23	0.61
2020	719.81	185.81	25.78	13.93	0.98
2021	372.63	74.56	20	7.77	0.53
2022	728.35	172.38	23.7	7.96	0.96

No.	ALARA indicator	Measurement unit	Value
1	Maximum legal limit for individual dose	mSv/year	20
2	Maximum documentary limit for individual dose	mSv/year	14

Collective dose on PP U1 + U2 (Om*mSv)



21.1.4 Non-radioactive emissions

Non-radioactive atmospheric emissions come from:

- fuel burning: resulting into CO₂, dust, heavy metals, volatile organic compounds, etc.
- fuel management: resulting into volatile organic compounds (VOCs).

It should be stated that the long-term impact of these non-radioactive emissions is insignificant, according to the environmental balance-sheet surveys carried out by independent third parties for Cernavoda NPP.

21.1.5 Sox and NOx emissions

The nuclear-based energy generation technological process is free of any NOx emissions. The nuclear-based energy generation technological process is free of any emissions type SOx.

Year	NOx	SOx
2019	0	0
2020	0	0
2021	0	0
2022	0	0

21.1.6. Carbon emissions and their intensity

Electricity generation using nuclear technologies does not generate any CO₂. The small amounts of CO₂ generated come from the regular short-term testing (approx. 2 hours/equipment/month) of Diesel generators on site or of the boilers of the start-up thermal plant, as it is described also in the Greenhouse Gas Emission Permit held by Cernavoda NPP.

The gaseous non-radioactive pollutants generated from the activities taking place in the premises of Cernavoda NPP are represented by:

- The CO₂ emissions coming from testing the backup and emergency Diesel generators, including other smaller-capacity generators located on site and from testing of the boilers of the Start-up Thermal Plant.

Both the Diesel generators and the Start-Up Thermal Plant are pieces of equipment that are regularly tested, and only operate where the electricity supply is lost so as to ensure the power source needed to maintain the functions of the safety systems. In the normal operation/functioning setup of the nuclear units, these pieces of equipment are in stand-by. For this reason, the amount of CO₂ emissions is reduced in the premises of Cernavoda NPP down to approximately 1,000 tons of CO₂ per year.

Scope 1

Direct emissions coming from the company's activities on site and car fleet - property of the company

Year	Total tons of CO ₂ emitted per year	Total tons of CO ₂ emitted by Diesel generators per year	Total tons of CO ₂ emitted by the Start-Up Thermal Plant per year	Tons of CO ₂ emitted by the Car Fleet
2019	3127	747	2380	365,97
2020	885	867	18	331,53
2021	1121	1005.6	115.4	296,24
2022	953	916.4	36.5	273,78

The CO₂ emissions resulting from their testing are calculated according to the legislation on greenhouse gas emissions, applying the calculation methodology validated at the national level and based on the specific characteristics of the fuels (NFP and FE) and the quantities of fuel consumed, and are reported to the National Environmental Protection Agency according to the requirements of the Greenhouse Gas Emissions Permit no. 38/2021, subject to review and validation by the authorized bodies and to annual compliance with the requirements to hand over the EUA certificates for the amount of approved emissions.

Scope 2 – CO2 emissions, resulting from acquisition of electricity and used for own purposes

No.	year	Electricity for internal consumption from owned production (MWh/year)*	Total CO2 (tonnes CO2)	Electricity for internal consumption purchased from a third party (MWh/year)**	Third party Emission Factor (g CO2/kWh)	Total CO2 (tonnes CO2)	
1	2019	934.726,61	0	1.768.415,00	93,65	165.612	ENEL
2	2020	909.701,80	0	1.480.742,00	245,4	363.374	ENEL
3	2021	908.251,00	0	695.766,00	171,6	133.970	ENEL
				765.477,00	216,64	165.833	ELECTRICA
4	2022	908.251,00	0	1.037.775,00	229,67	238.346	ELECTRICA

Note

* Represents energy from own production that is produced by CNE Cernavoda for the operation of its own equipment (pumps, valves, etc.)

** Represents electricity purchased by CNE Cernavoda through contracts with third parties and used to supply certain own consumers (warehouses, office heating, parking lots, etc.)

Scope 3

For emission calculation under Scope 3, in 2023, Nuclearelectrica will initiate consultations with its suppliers in order to support this determination, but also to emphasize the importance of protecting the environment by reducing the carbon footprint.

21.1.6.1 Volatile Organic Compounds

The nuclear-based energy generation technological process of Cernavoda NPP does not use volatile organic substances. For this reason, these are not required to be reported by any authority. In addition, we monitor the amount of Freon used in our own facilities, even if the freons used are eco and do not affect the environment.

refrigerants used	1,729.400 kg	1,071.200 kg	426 kg	1,380.880 kg
year	2019	2020	2021	2022

21.2 WASTE MANAGEMENT

The categories of waste resulting from the activities carried out at Cernavoda NPP:

- ✚ Radioactive waste
- ✚ Non-radioactive waste

21.2.1 Radioactive waste

The management policies and principles comply with domestic and international requirements for radioactive waste. Cernavoda NPP holds the necessary facilities for intermediate storage of radioactive waste, in plants that are safe for both staff, population and environment.

Radioactive waste is the result of daily maintenance and repair activities, planned or unplanned shutdowns of the power plant, and is managed completely separately from conventional waste.

Radioactive waste generated further to these activities are:

- solid (plastics, cellulose, glass, wood, purification filters, ventilation system filters, etc.);
- organic liquid (oil, solvent, scintillating liquid);
- organic solid-liquid mixtures (flammable);
- aqueous solid-liquid mixtures (slurry);
- solid and liquid chemical waste.

These are collected and sorted by skilled staff, according to rules and criteria laid down under procedures. The sorting activity applies to all types of radioactive waste.

For each type of radioactive waste (solids, organic liquids, organic solid-liquid mixtures, aqueous solid-liquid mixtures and solid/liquid chemicals) different criteria are pursued:

- source of origin (services building, reactor building);
- type of material (plastic, cellulose, metal, wood, oil, solvents, etc.);
- radionuclide content (with short, medium or long lifetime);
- contact dose flow-rate (weakly-active, medium-active).

After sorting, radioactive waste is stored in special stainless-steel containers.

Organic liquid radioactive waste and organic solid-liquid mixtures (flammable) are kept in the services building, and are to be then solidified to remove any potential flammability hazards.

The waste radioactive aqueous solid-liquid mixtures (sludge) are stored in stainless-steel barrels in the services building, and are to be then subjected to drying-treatment applying processes to remove the water content.

Solid chemical and radioactive liquid waste are kept in the services building, in containers suitable for their chemical properties, and will be treated by authorized operators.

Radioactive waste management aims at identifying and controlling all radioactive waste produced, and at keeping radioactive waste generation at the least level possible.

The volumes of waste produced can be reduced by compaction (using a hydraulic press), applying treatment methods that use incineration of the combustible radioactive solid waste and melting of radioactive metal waste, at external authorized operators, and by unconditional release of waste under the authorization regime of NCNAC.

Solid or solidified radioactive waste is stored over the entire plant's operation period, under optimal safety and storage conditions. The final storage of this waste is only done after conditioning into solid safe matrices, which guarantee that no adverse impact on the environment occurs for at least 300 years.

The total volume of solid radioactive waste produced in 2022, for the both units of Cernavoda NPP, was 50.91 m³. This is stored inside the physical protection fence of the Power Plant, in the Radioactive Solid Waste Intermediate Storage.

Radioactive waste generated in years 2019-2022			
Year	Solid radioactive waste (m ³)	Radioactive organic solid-liquid mixed waste (m ³)	Radioactive organic liquid waste (m ³)
2019	54.8	2.20	4.18
2020	60.07	1.10	2.86
2021	52.82	2.20	1.1
2022	50.91	2.20	2.2

21.3 MANAGEMENT OF USED FUEL

- a) Wet storage in the unit's Spent Fuel Pool, for a period of at least 6 years;
- b) Dry storage in the Spent Fuel Intermediate Storage, for a period of at least 50 years.

The Spent Fuel Intermediate Storage (DICA) is located on the site of Cernavoda NPP, and is carried on an in-premises road that allows maintenance of an integrated physical protection system.

Storage is staged-out in accordance with the DICA long-term development strategy. So far, as many as 14 MACSTOR 200 modules have been made.

21.4 WASTE RESULTING FROM PLANT DECOMMISSIONING

Units 1 and 2 of Cernavoda are in their design lifetime, and for both units, renewals of their respective lifetimes by additional 30 years are envisaged. No waste resulted from the decommissioning of the entire plant or parts thereof in Cernavoda NPP. So far, there are no projections of the amounts of waste expected to result from the decommissioning activities; however, there are plans to tentatively extend the lifetime of Units 1 until 2059, and of Unit 2 until 2067.

21.5 NON-RADIOACTIVE WASTE

The waste management requirements are set out under the general regulatory acts (environmental protection law, law on selective collection in public institutions, law on the waste regime, government decision on waste classification), or the regulatory acts specific to certain types of waste (e.g. for WEEE, recoverable waste, used oils, etc.).

Separate collection makes it easier to classify and hand over waste to the authorized companies which Cernavoda NPP has concluded waste recovery and/or disposal contracts with. Another benefit of separate waste collection is the possibility to recover recyclable waste.

The biggest environmental benefit of recycling relates to conservation of energy and natural resources, pollution prevention when it is used in the manufacturing process of materials resulting from recycling, and less, of raw materials.

A separate category of waste is construction and demolition waste not contaminated with dangerous products. This waste is not taken to the local landfill, but is used to renew roads or consolidated the slopes affected by landslides.

Also, chemicals are purchased in the necessary quantities so as to avoid piling of stocks due to expire and then be qualified as waste.

Selective collection of the following household waste has been made mandatory in Cernavoda NPP: paper, plastic, metal and glass, pursuant to Law no. 132/2010. In this regard, back in 2010, bins were purchased for the separate collection of paper/cardboard, plastic, metal, and glass waste. These were placed in offices, meeting rooms, and hallways.

The non-radioactive waste produced in the power plant is collected by the operational staff at their respective production place, in special containers intended for each type of waste. In this regard, the spaces of the power plant are provided with special containers for each type of waste so as to allow their selective collection.

The transfer of non-radioactive industrial waste to authorized recovery/disposal/storage units is done under a contract concluded with economic agents authorized according to the law for this operation and the respective category of waste.

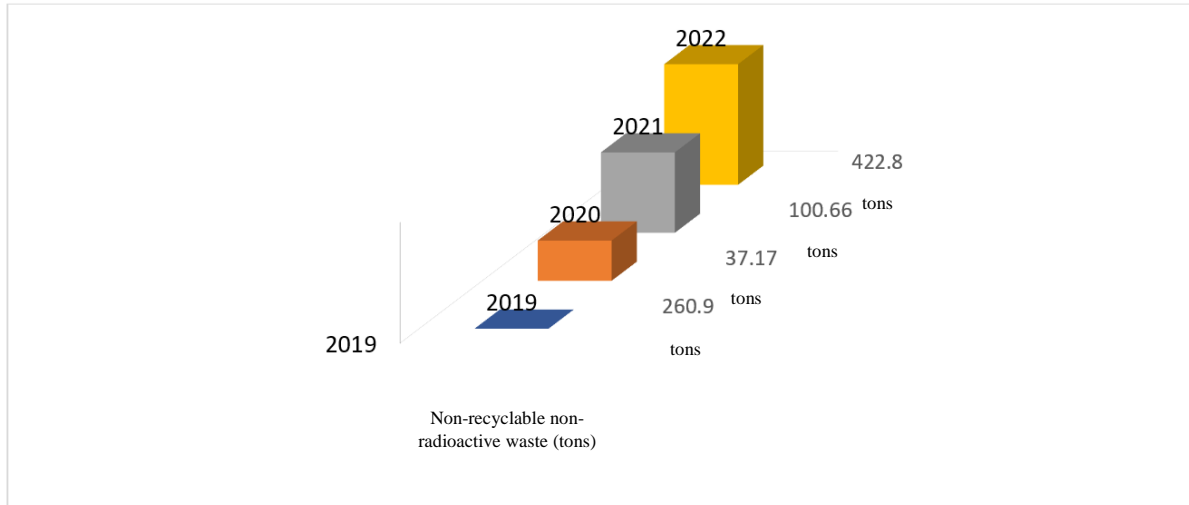
For hazardous waste, the carrier is required to have an accident intervention plan in order to mitigate the impact of waste on the environment (effects of accidental pollution), according to the legal provisions.

Cernavoda NPP, as a generator of activity-related waste, is under the obligation to provide the information and data by competent authorities according to the environmental protection legislation and the specific waste legislation.

Cernavoda NPP has in place measures to reduce the amounts of waste. An example in this regard is introduction of the mandatory scanning of documents and their electronic transmission, via email, which significantly reduces the amount of paper used. Since 2020, electronic signature has been introduced as a specific measure related to the COVID 19 Pandemic. Another example is replacement of disposable plastic cups with recyclable paper cups.

21.5.1 Non-recyclable non-radioactive waste

Measures to reduce the adverse impact of waste on the environment - disposal of unrecoverable waste only through a company authorized for this purpose (acids without other specification; oily water from oil/water settlers; inorganic waste with a content of hazardous substances; absorbents; filtering materials; polishing materials with a content of hazardous substances).



21.5.2 Dangerous non-radioactive waste generated

The most common hazardous waste is used oils, glycol, hydrazine/morpholine, emulsion, chemicals, resins, flammable solids, petrolatum, and sludge. This waste is subject to controlled management, stored in metal barrels on pallets on the concrete platform and in closed rooms, preventing any possibility of soil pollution.

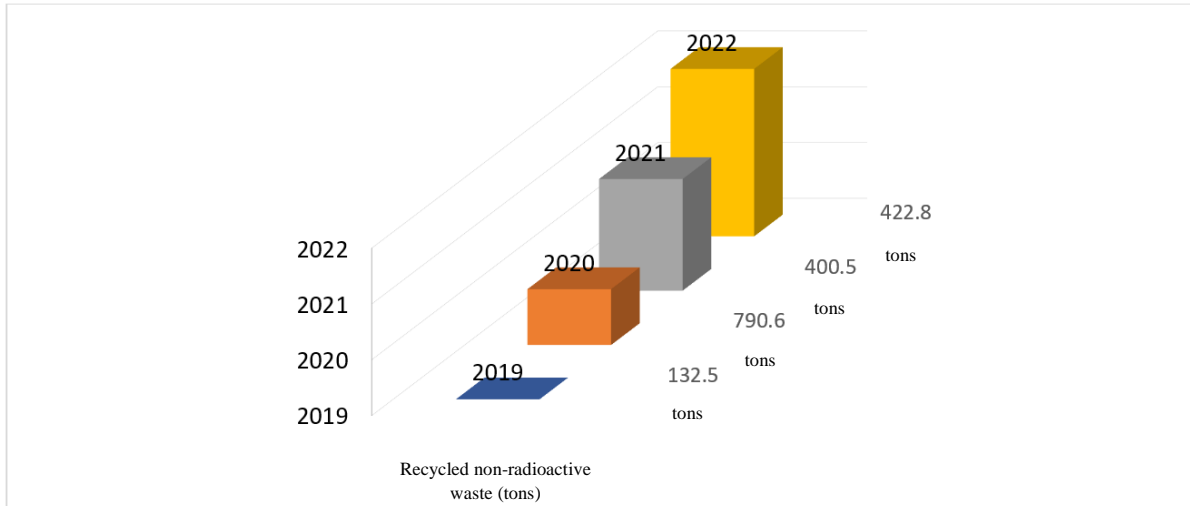
As it can be seen, a downward trend of reducing the amount of hazardous non-radioactive waste generated on Cernavoda NPP site has been observed over last three years.

Year	Amount of hazardous waste generated (tons)
2019	5096
2020	3038.6
2021	2996.8
2022	2552.3

Non-radioactive waste
(tons)

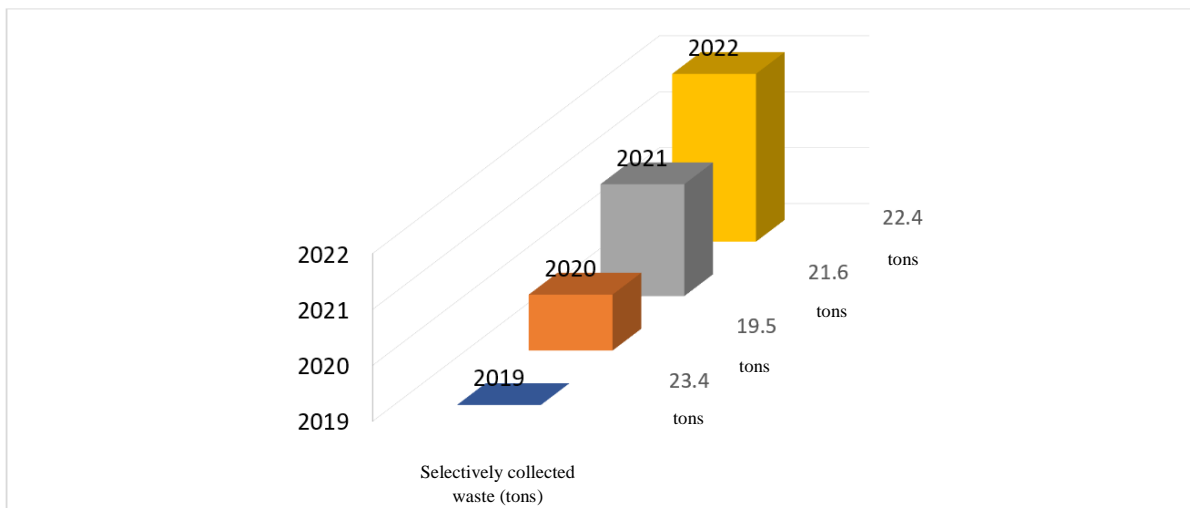
21.5.3 Recycled non-radioactive waste

Recovery using companies authorized for this purpose (e.g. Batteries; used tires; soil and stones; calcium hydroxide).



21.5.4 SELECTIVELY COLLECTED NON-RADIOACTIVE WASTE

Selectively collected waste (plastic, PET, paper, metal packaging, glass) is handed over under contract to authorized companies, according to specific legal requirements. The chart highlights that the amount of waste selectively collected for recycling has increased versus the previous year.



Use of hazardous chemicals

Cernavoda NPP is a final user, and the hazardous substances and mixtures are purchased for use in the chemical control of the fluids in the power plant's circuits and equipment, for maintenance and repair purposes, for laboratory analyses and in activities/services implementing the changes/projects developed on the site. In accordance with the requirements of the Environmental Permit of Cernavoda NPP, as issued under the Government Decision no. 84/2019 and in compliance with the applicable domestic and Community legislation, Cernavoda NPP has in place established and approved procedures for the management of chemicals, which ensure a thorough quantitative and qualitative control, plus duly monitoring and reporting to the competent authorities.

The administration and management of the chemicals used in Cernavoda NPP is based on:

- The domestic and Community legislation (REACH Regulation, CLP, etc.) in force that regulates the regime of dangerous substances and mixtures and specific regulatory acts by category of chemical substances/products.
- The requirements, limits and conditions approved under the applicable permits and clearance issued by the environmental protection regulatory and control authorities.

The chemical products purchased directly or under services contracts and used in the activities of Cernavoda NPP are classified, packaged and labelled according to the legal requirements in force. Special consideration is also given to the appropriate labelling, i.e. writing of all the information required under the CLP Regulation (EC) and the best international practices (hazard pictograms, warning words, hazard statements (H) and precautionary statements (P), etc. which are taken, as applicable, from the containers in which the hazardous substances and mixtures used are delivered onto the small-sized containers used for the activities in the process plants of Cernavoda NPP.

The biocidal products acquired directly or under services contracts are also accompanied by the Clearances issued by the Ministry of Health in accordance with the legal provisions in force, are quantitatively and qualitatively monitored under the same conditions as those laid down in the procedures of Cernavoda NPP, and are reported on in accordance with the requirements and limits of the environmental permits.

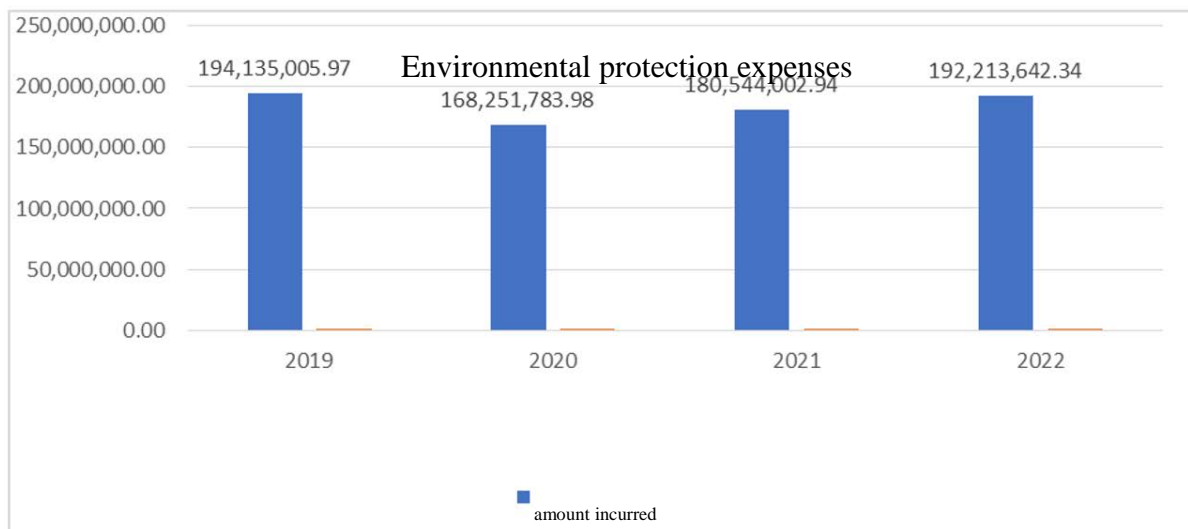
All chemicals used in the activities of Cernavoda NPP, by direct purchase or under services contracts, are assessed/cleared and included in the List of Approved Chemicals ("Chemicals" Intranet app). The activities of Cernavoda NPP use only products that can be found in this app.

The Safety Data Sheet of the products concerned are enclosed to any work package or work plan which use substances or mixtures. Also, for the activities where certain substances or dangerous mixtures are used in large quantities, an initial training is delivered to the staff who are to carry out the activity (IPEL), and who are thus presented the hazards dangers and compensatory measures due to be taken in case of accidental spills.

The emergency procedures under the Site Emergency Plan feature individual action procedures in case of leakages or contamination with dangerous chemicals, as well as procedures that regulate the flow for advising the authorities of reportable events. So far, there have been no reportable events with impact on the environment and the population.

Financial quantification of the environmental protection activities

The amounts of money listed below include, but are not limited to, those amounts paid by the Company for environmental protection activities and radioactive and non-radioactive waste management. The amounts of money, in the form of charges and tariffs, paid to the central and local environmental authorities for liquid and gaseous effluents, environmental analyses, contracts paid to third parties for provision of non-radioactive waste collection, recovery and disposal services; the amounts paid for final disposal of radioactive waste, the amounts of water used in the technological processes of the power plant, etc.



Development of environmental performance in time

24.1 INDEPENDENT ENVIRONMENTAL REVIEW

Compliance with the environmental standards is independently reviewed by auditing companies qualified to issue Environmental Certificates, as follows:

- a) Certificate no. 56 concerning the Environmental Management System of SNN - Cernavoda NPP Branch for the Electricity and Heat Generation activity using nuclear sources and support and related activities, according to the conditions of the standard SR EN ISO 14001:2015 (ISO 14001:2015), issued by IQNet and SRAC on 10 June 2022 and valid until 14 December 2025;
- b) EMAS Registration Certificate no. RO-000017, re-registration date 16 October 2021, expiry date 16 October 2024.

In 2022, the environmental authorities conducted 6 inspections which did not find any infringement of the legal provisions or the environmental standards.

Recognized environmental management systems

For the activity on site, the environmental performance is acknowledged by the availability of the ISO 14001 Certificate, as well as by the voluntary EMAS registration:

24.2 FINES OR PENALTIES IN 2022

There were no fines or penalties applied by any authorities for non-compliance with the environmental procedures.

24.3 PROGRESS AND TARGETS IN POLLUTION REDUCTION

The main environmental protection objective is **Zero environmental events**. This can be found in the Company's Dashboard. So far, there has been no radiological or non-radiological environmental event.

Pollution at Cernavoda NPP can come from two major sources: radioactive and non-radioactive emissions. For radioactive emissions, these are way below the limit set out by the nuclear regulator, and are part of the nuclear excellence programme. Thus, there is the indicator "Radioactive Emissions in the Environment", which came out green during the four reporting years (2019-2022).

In 2022, there were no environmental events that should have been reported to the competent authorities of the Romanian State. All emissions were within the limits imposed under the operating permits and the relevant environmental protection legislation.

As an example, the chart below shows the emission values for liquid and gas radioactive effluents. These values are below the documentary limit set by Cernavoda NPP, and the limit is way below the legal limit, i.e. 14 μ Sv/year.

We stayed within the limits set by the regulatory water authority also for non-radioactive emissions. Monthly reports are submitted to the environmental authorities for each pollutant that has been set a limit under the water management permit.

The indicator "POLLUTER COMPLIANCE WITH THE LIMITS UNDER THE WATER MANAGEMENT PERMIT (%)" is calculated on a monthly and annual basis, and this was attained 100% over the four years (2019 - 2022); this proves compliance with the limits set by the regulatory water authority.

Year	Radioactive emissions in the environment U1+U2 [microSv]	Annual target [μ Sv/year] at Cernavodă NPP
2019	5.77	≤ 8.5
2020	5.60	≤ 8.5
2021	7.40	≤ 9
2022	7.85	≤ 9

Radioactive emissions in the environment U1

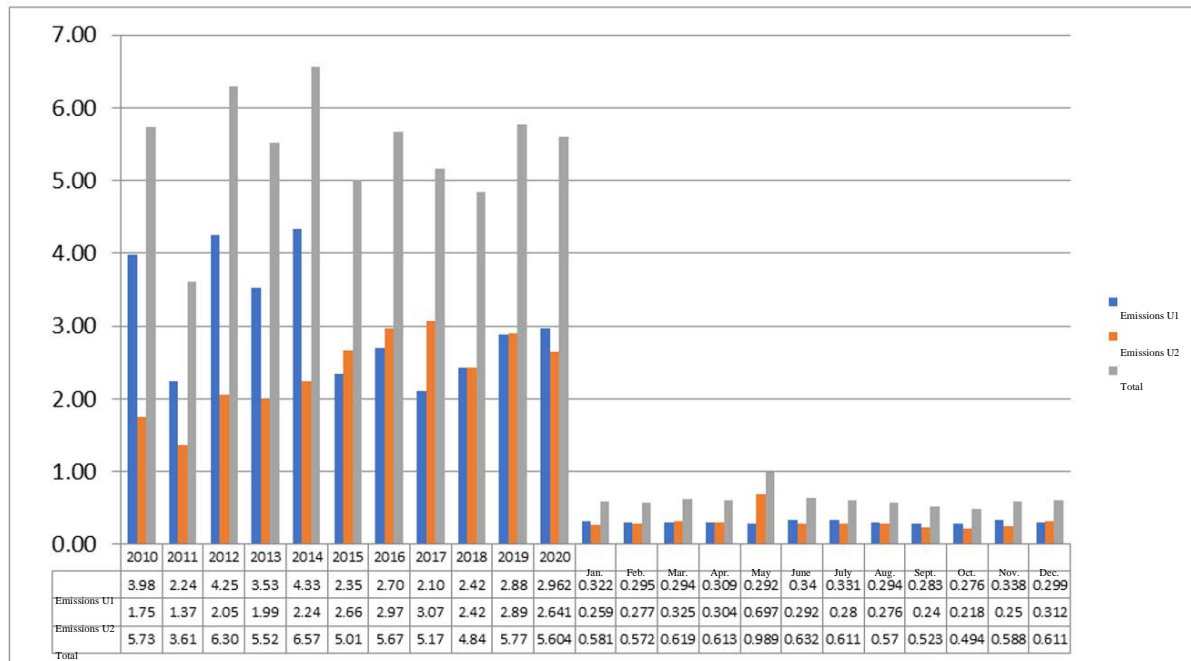
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept	Oct.	Nov.	Dec.	Aggregate 2022
Monthly value (μ Sv)	0.3	0,277	0,299	0,332	0,311	0,276	0,332	0,318	0,325	0,332	0,333	0.31	3,745

Radioactive Emissions in the Environment at Unit 2:

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Aggregate 2022
Monthly value (μ Sv)	0,374	0,338	0.37	0.32	0,294	0,292	0,297	0,372	0,375	0,341	0,344	0,394	4,098

Total Radioactive Emissions (U1+U2)

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Aggregate 2022
Monthly value (μ Sv)	0,674	0,615	0,669	0,652	0,605	0,568	0,629	0,689	0.7	0,673	0,677	0,704	7,855



24.4 TARGETS AND PROGRESS IN WASTE REDUCTION, ADDITIONAL TO THE REGULATORY REQUIREMENTS

The activities carried out must always consider a ranking of the waste management options. The first option is to prevent waste generation by choosing the best possible solutions as early as the procurement phase.

Where it is not possible to avoid waste generation, then the aim is to minimize the amount of waste generated by reuse, recycling and recovery using authorized economic agents. The waste disposal stage is applied only once all other means have been used to the maximum and responsibly so as not to cause any adverse effects on the environment.

Selective waste collection for its recovery/recycling helps reduce the amount of waste finally disposed of.

Cernavoda NPP applies selective collection and, as the next step, waste is handed over for recycling, recovery or, in the absence of another option, disposal.

Cernavoda NPP has devised and put in place specific requirements to minimize the environmental impact resulting from the activities carried out in Cernavoda NPP.

The environmental management process helps control of all activities with an impact on the environment with a view to complying with the requirements and limits imposed under the Operating Permits, the Environmental Permit and the Water Management Permits, as well as by the ISO 14001 standard.

The procedures laying down the processes and work practices in Cernavoda NPP set out the responsibilities for all categories of staff of Cernavoda NPP in terms of identification of the environmental aspects attached to the activities, assessment of the potential environmental impact

and definition of the applicable measures to minimize or remove the risk to the environment, reduce the amounts of waste and control them strictly, as well as to reduce pollution caused by operation of Cernavoda NPP.

Having analysed the amounts of waste produced in Cernavoda NPP, the Company devised and put in place a plan to reduce the amounts of waste generated in 2022, mainly by ensuring selective collection of recyclable waste, regular delivery of recyclable waste to the authorized companies, and a through control of the purchased products; all of these particularly help reduce the amount of waste handed over for final disposal in landfills.

The link below takes you to find the Waste Prevention and Reduction Programme devised in keeping with the requirements of the Government Emergency Ordinance no. 92/2021: <https://www.nuclearelectrica.ro/cne/protectia-mediului-si-a-personalului/impactul-cne-asupra-mediului/program-de-prevenire-si-reducere-a-deseurilor/>

Waste management means temporary storage, reuse, collection, transport, treatment, recycling and disposal of waste, with the main goal of saving raw materials through recyclable waste reuse; this will help reduce the pressure on natural resources.

All categories of non-radioactive waste are collected separately and are handed over to authorized companies. For each waste handover, a confirmation slip and/or waste loading-unloading form will be requested and kept after handing them over to authorized collectors.

Traceability is available at generator, by records of waste management in accordance with Annex 1 to the Government Decision no. 856/2002. Waste management records are prepared for each type of waste, and are submitted annually to the Environmental Protection Agency.

From a radiological point of view, the legal requirement is that the permit holder takes all the necessary measures to keep the waste from their own activity as low as reasonably possible. In order for this to happen, the Company envisaged incineration, compaction, or making a contribution to, construction of final landfills

Radioactive waste generated in years 2019-2022			
Year	Solid radioactive waste (m ³)	Radioactive organic solid-liquid mixed waste (m ³)	Radioactive organic liquid waste (m ³)
2019	54.8	2.20	4.18
2020	60.07	1.10	2.86
2021	52.82	2.20	1.1
2022	50.91	2.20	2.2

24.5 TARGETS AND PROGRESS IN REDUCING WASTE USAGE, ADDITIONAL TO THE REGULATORY REQUIREMENTS

One of the programmes currently in progress, with immediate benefits in terms of reducing the use of resources, is the programme to switch the plant's lighting system from incandescent bulbs to eco-lighting. The programme is aimed to reduce the internal electricity usage. This programme is in progress, and its implementation is expected to reduce the internal consumption.

Also, for the newly-purchased equipment, one of the procurement criteria applied is the energy usage during the operation period. Only pieces of equipment that ensure a low consumption are purchased.

24.6 IMPACT ON NATURAL CAPITAL AND BIODIVERSITY

Cernavoda NPP Branch is located at a distance of more than 1.8 km of natural monuments, protected natural areas, species or habitats of Community interest. The location of the nuclear power plant does not overlap any protected natural areas of Community interest.

The impact Cernavoda NPP's operation on local biodiversity was reviewed in the assessments performed in various stages of the projects deployed on site. These assessments concluded that:

- since the commissioning of the two units of Cernavoda NPP, no radiological risk situation has been observed for the habitats and species of conservation interest of the protected natural areas;
- further to implementation of all measures for the correct operation of Cernavoda NPP (U1 and U2) and environmental monitoring, no radiological effects on the biota have been observed so far.

The flora and fauna in the area of influence of the Cernavoda NPP platform are not affected by the power plant's operation. This statement is supported by:

- The environmental radioactivity monitoring programmes implemented in the pre-operational and operational phase of Cernavoda NPP;
- The surveys on the impact of Cernavoda Nuclear Power Plant (U1 and U2) on the aquatic and terrestrial organisms in its area of influence, carried out in 2008-2012 and 2013-2016;
- The environmental impact adequate assessment study on Units 3 and 4 of Cernavoda NPP, conducted in 2010 by INCDDD Tulcea;
- Level I and II environmental balance-sheet and the on level I and II environmental balance-sheet report for SNN - Cernavoda NPP Branch.

The survey "Impact of the operation of the Cernavoda Nuclear Power Plant on the Aquatic and Terrestrial Organisms in its Area of Influence" (BIOTA survey), which was carried out in 2008 - 2012 and was followed up in 2013 - 2016, did not highlighted any impact significant effect of Cernavoda NPP's operation on the local biota. A new BIOTA Survey will be commenced in 2023. This survey will provide continuous monitoring of the biota.

The results and conclusions of the BIOTA Survey are supported by the surveys carried out for renewal of the environmental permit of SNN-Cernavoda NPP Branch, namely the "Report on Level II Environmental Balance-Sheet for Cernavoda NPP", conducted in 2017. The report was prepared on the basis of the investigation plan and the information retrieved from the Level II Environmental Balance-Sheet for the re-permitting of Cernavoda NPP Units 1 and 2, which consisted of investigations on the site of Cernavoda NPP and the area of influence of the power plant in order to determine the pollution intensity via taking of samples and physical, chemical and radiological analyses. The determinations of the interest - sampling indicators, sample preparation, analyses, and preparation of analysis reports were carried out by specialized laboratories.

In 2022, the "Environmental Impact Report" was prepared for the implementation of the CTRF project at the site of Cernavoda NPP. The survey was subjected to national and cross-border public debates, and returned no comments from the public. Additional information can be found at: <http://www.mmediu.ro/articol/lucrari-de-construire-a-instalatiei-de-detritiere-apa-grea/3022>

Environmental monitoring programme at Cernavoda NPP

As early as the commissioning of Unit 1, the nuclear power plant put in place an environmental radioactivity monitoring programme, based on the requirements of the domestic legislation and the internationally-validated nuclear industry practices. In accordance with international practices, the power plant built and equipped its own Environmental Radioactivity Control Laboratory and established a network of sampling points, or places for continuous monitoring stations, in different locations, within a radius of 30 km around the power plant.

The routine environmental monitoring programme deployed at Cernavoda NPP was approved by NCNAC in 1995, having been audited before by the IAEA. Implementation of this programme commenced in March 1996.

Samples of the following are collected and analysed for radioactivity content:

air (deposition on particle filters and iodine cartridges, water vapor in air, carbon-14 in air); wet atmospheric deposition, water (the Danube water, soil infiltration water, deep water, water from the Danube - Black Sea Canal, rainwater, drinking water); soil; spontaneous vegetation; sediment; fish; meat (poultry, beef, pork); milk; vegetables (lettuce, spinach, radish, cucumber, tomato, green onion, pepper, cabbage, potato, green bean, eggplant); cereals (wheat, corn); fruits (strawberry, cherry, apricot, peach, grape); eggs; and TLD (thermoluminescent dosimeters that measure the integrated gamma dose for 3 months).

Approximately 1,200 samples are taken annually from 115 sites, to determine the environment radioactivity in the area of Cernavoda NPP.

A network of 62 monitoring points with thermoluminescent dosimeters (TLD) measuring the gamma dose was set up around the power plant and in an area with a radius of 30 km around it.

Gamma spectrometry analyses, global alpha/beta analyses and specific analyses to detect tritium and C-14 carbon are carried out by liquid scintillator counting. Food samples for analysis are sourced from local producers or the agri-food market of Cernavoda, Seimeni, Medgidia, and Satu Nou. The results of radiological environmental monitoring are permanently compared against the results of the pre-operational environmental monitoring programme carried out between 1984 and 1996. So far, no radioactivity-related changes have been detected in the local environment of town of Cernavoda, compared to the period before commissioning of the nuclear unit. The Environmental Control Laboratory of Cernavoda NPP is certified by NCNAC under the Qualification Certificate no. ODN 01_CNE LCM/ 2021, valid until 20 December 2025, as a Dosimetric Body, and under the Qualification Certificate no. LI CNE-LCM 03/ 2022, valid until 31 May 2027, as a Laboratory for Measurement Tests on Environmental Samples.

In order to prove the reliability of the environmental measurements, the Environmental Control Laboratory takes part in international intercomparison exercises and performance tests.

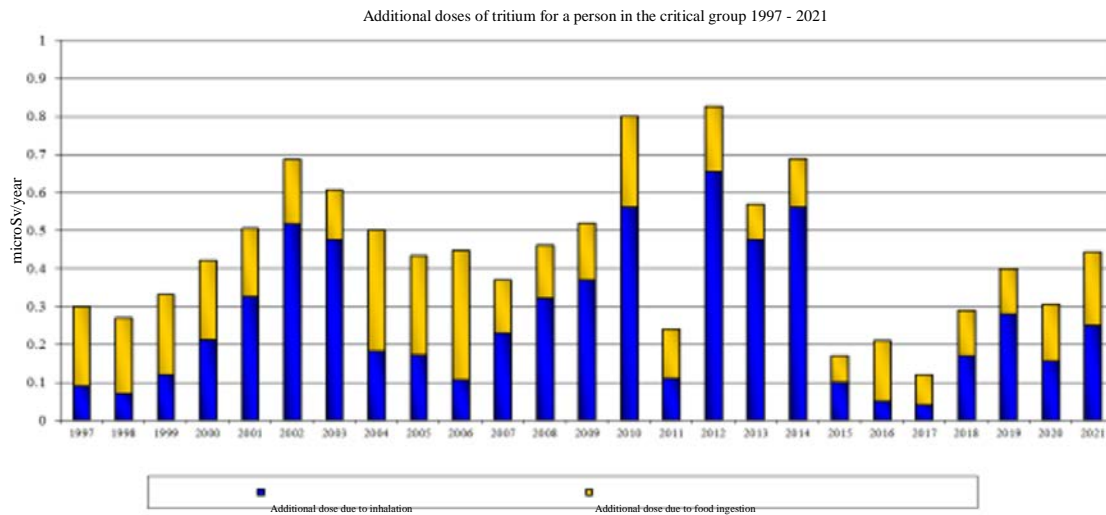
The Environmental Control Laboratory is member of the French PROCORAD Association (Association for Radiotoxicological Measurements) and participates in intercomparison exercises for radioactivity measurements, starting from 2002, with good and very good results.

In 2005, the Environmental Control Laboratory was nominated by NCNAC as member of the IAEA's ALMERA Network (Analytical Laboratories for Environmental Radioactivity Measurements), and starting from 2006, it participates in the performance tests organized across the network every year.

The Environmental Control Laboratory also participates in intercomparison exercises organized regularly by the European Commission through the Joint Research Center laboratories.

Starting from 2020, the Environmental Control Laboratory participates in intercomparison exercises organized by the CANDU Owners Group (COG) for thermoluminescent dosimeters (TLD).

The charts below shows the exposure of a person from the critical group to additional doses of tritium, compared to the natural background.



Incidents on INES scale

At Units 1 and 2 of the Cernavoda NPP, in the period 2019-2022, there were no events in the Incident category, classified INES Level 2 or more. In the mentioned period, a small number of events in the lower category Anomaly, with no impact on personnel, public or environment, were recorded.

SCALA - INES	2019	2020	2021	2022
Level 7 major accident	0	0	0	0
Level 6 Serious accident	0	0	0	0
Level 5 accident with extended consequences	0	0	0	0
Level 4 accident with local consequences	0	0	0	0
Level 3 Serious incident	0	0	0	0
Level 2 incident	0	0	0	0
Level 1 anomaly	0	1	1	4

Management of water resources

26.1 WATER MANAGEMENT POLICY

The use of water for the technological processes of Cernavoda NPP is foreseen under the design. This is used to cool down the systems and is discharged back into the Danube, in the same amount. The technological process cannot support a reduction in the amount of water taken from the Danube.

The source of water needed to cover for the power plant's technological requirements is the Danube River, through the Danube - Black Sea Canal. Since the Danube River can ensure the necessary cooling flow, the hydrotechnical circuit has been designed to operate in an open mode (the water is taken from the Danube to cool down the systems, and the hot water is discharged back into the Danube). Thus, the technological requirements cannot support a reduction in the amount of water from the Danube.

26.2 MANAGEMENT OF THE USE OF WATER RESOURCES

The source of cold water for the technological cooling water circuits of Cernavoda NPP is the Danube River - the 1st reach of the Danube - Black Sea Canal, via the bypass.

The water captured via a free-level intake located on the bypass of the Danube - Black Sea Canal - reach I, reaches the NPP's distribution basin, from where, having been mechanically cleaned in the Unit of Sieves U1 and U2 and pumped via the Units of Pumps U1 and U2, it cools down the turbine condenser of Unit 1, respectively of Unit 2, as well as some heat exchangers in the two nuclear units.

The water taken from the Danube never comes into contact with the primary circuit (the nuclear part of the plant).

The water volumes and flow rates are authorized for operation of the two units under a 365 days/year and 24/7 regime, according to the Water Management Permit in force.

Since the Danube River can ensure the necessary flow rates for cooling, the technological cooling water systems have been designed to operate in an open circuit. Therefore, the amount drawn is equal to the flow rate discharged, with only negligible water losses along the circuit. The water is returned to the Danube via the hot water canal (Seimeni outlet), under normal operating conditions (98% of the Danube water returns to the river). At high levels of the Danube water, the effect of water drawing is not felt at Cernavoda. The cold water usage in the process water circuits is strictly metered.

In wintertime, a fraction of the hot water flow rate (25%÷70%) is discharged into the NPP's distribution basin to prevent sludge formation, with notice given to the National Administration "Apele Romane"/Dobrogea-Litoral Water Basin Administration, with no thermal influence on the water in the Bypass or reach I of the Danube - Black Sea Canal (DBSC).

According to the Water Management Permit (WMP), the water temperature when leaving the power plant must meet the following conditions:

- ✚ in reach II of the Danube - Black Sea Canal, it will be maximum 10°C above the water temperature of reach tributary I of the DBSC, so that the water

temperature in reach, downstream of the canal's discharge point, does not exceed 25°C.

- ✚ in the Danube, it will be maximum 10°C above the water temperature of the Danube River; however, not higher than 35°C after passing through the mixing zone.

Cernavoda NPP has its own Chemical Water Treatment Station (WTS) that produces the demineralized water needed in the technological process of electricity and heat generation. This WTS is also used to neutralize the process water that returns to the emissary.

26.3 LIQUID EFFLUENT PHYSICAL AND CHEMICAL MONITORING PROGRAMME

Cernavoda NPP is authorized (under the Water Management Permit) to use as the water from the Danube River as cooling water, via the Danube Canal - Black Sea, reach I. The hot water is usually returned to the Danube via Seimeni Canal or, by way of exception, to the Canal Danube - Black Sea, reach II.

For the chemical control of the water in the secondary circuit of the NPP, U1 and U2, specific chemical substances are used: hydrazine, morpholine, cyclohexamine for the chemical conditioning of the systems, hydrochloric acid, sodium hydroxide, ferric chloride, lime, Praestol and Nalco in the technological process to obtain demineralized water in the Chemical Water Treatment Station, and bioacid as an agent to control/remove the macro-biological load in the technical process water.

The liquid effluent physical and chemical monitoring programme was devised and applied to check and control the quality of the water discharged from Cernavoda NPP, and to prove compliance with the requirements of the Environmental Permit and the Water Management Permit.

According to this programme, all chemicals used for chemical conditioning of the power plant's systems are monitored in the liquid effluent.

Also, treatments with macro-biological load control agents are carried out locally, only on the technical process water circuit, with the aim of limiting fixation and growth of mussels in pipes and pieces of equipment.

The chemicals used to obtain demineralized water are monitored and neutralized before they are discharged into the effluent.

The concentrations of all these substances in the liquid effluent stay below the permitted discharge limit.

Studies have been carried out on the thermal impact of the discharge of hot water into the Danube and the Danube - Black Sea Canal, and the temperature of the discharged hot water is measured so that it stays within the limits set out under the Water Management Permit.

The non-radioactive gaseous effluent physical and chemical monitoring programme is designed so as to allow determination of pollutant (other than radioactive) concentrations in the environmental factors. This requirement is specific only to periods of continuous operation longer than 5 days for the stacks of the Turn-Off Thermal Power (according to the Protocol executed with Constanta Environmental Protection Agency (EPA)). The following pollutants are determined in the emission impact area: carbon dioxide, sulphur oxides, nitrogen oxides, suspended powders, etc. More information can be found in the previous chapters on greenhouse gas emissions.

Drinking water is supplied on the site of Cernavoda NPP from:

- ✚ underground own source, via deep pits. From the deep pits (FJ1 and FJ2), in the NPP's area, water is extracted with submersible pumps and carried to the Drinking Water Treatment Plant (DWTP) on the site.
- ✚ from the zonal drinking water supply system of town city of Cernavoda (operator: S.C. RAJA S.A. Constanta).

Cernavoda NPP holds the Sanitary Operating Permit no. 42/20.02.2012, issued by the Public Health Directorate of Constanta, for FJ1, FJ2 and the Treatment and Chlorination Stations; this permit must be applied a visa every year in order to prove that all conditions therein are met.

26.4 RADIOACTIVELY CONTAMINATED WASTE WATER

The radioactively contaminated waste water collection system is intended to collect of all aqueous radioactive waste resulting from the power plant's process systems and from maintenance, overhaul and decontamination operations, followed by discharge of the cooling water from condensers into the discharge canal, but ensuring compliance with the regulated limits for radioactive material concentrations when discharged into the emissary. The discharge is done intermittently into the cooling water from condensers.

In order to ensure proper control and registration of radioactive discharges, the discharge of radioactive liquid effluents is done as follows:

- ✚ Before emptying a tank into the cooling water canal of the condenser, the tank content is recirculated to ensure good homogenization and a representative sample is taken to be measured in laboratory and determine the content of gamma and tritium radioactivity.
- ✚ Depending on results, the shift leader dispatcher authorizes the discharge, or the water is decontaminated.
- ✚ During the discharge, the Liquid Effluent Monitor (LEM) monitors the global gamma activity that is discharged and stops the discharge in the event of an unexpected high activity.

Approximately 1,400 samples of water discharged from the power plant are measured every year in the power plant's Dosimetry Laboratory. Weekly, the radioactivity monitoring results are centralized and compared against the documentary limits of Cernavoda NPP and the committed environmental objectives.

In all years of commercial operation (26 years for U1 and 15 years for U2), the discharges of radioactive liquid effluents have been lower than the Derived Discharge Limit approved by authorities and stayed below the limits set out in the environmental objectives of Cernavoda NPP thanks to implementation of the Environmental Management System.

26.5 WATER USE OPTIMIZATION

Annually, according to the requirement of the Water Management Permit issued for Cernavoda NPP, the water need for the following year is determined. Thus, compared to the maximum volume of water drawn, as set out in the permit, the amount of water per unit/per month and total amount are estimated depending on the power plant's cooling needs (example: in summertime, between July and October, a larger amount of cooling water is needed compared to the rest of the year, or during planned shutdowns when maintenance activities are performed on the cooling

circuits, the volume of water at the stopped unit is lower; this is the only measure that reduces the amount of water used from the Danube.

Under normal conditions, when the Danube water level is normal, no measures to reduce water consumption are necessary. In certain instance, for example in case of drought, when the Danube water level is low, the water regulatory authority places restrictions on the use of water for all economic operators. The nuclear power plant is the main and most important beneficiary of the Danube water, as coolant for its aggregates. These restrictions are applied mainly to other economic operators and only then to the nuclear power plant.

26.6 TARGETS TO REDUCE THE WATER USE

Cernavoda NPP has no targets to reduce the cooling water taken from the Danube, because this is not possible.

26.7 INDEPENDENT CHECKS ON THE USE OF WATER

For the amount of the Danube water used for cooling purposes, a check is carried out to make sure that the maximum quantities authorized are not exceeded and the amounts of water used are confirmed by the water regulatory authority when the annual contracts are concluded (the water regulatory authority is the sole operator according to the legislation in force).

26.8 INCIDENTS OF INFRINGEMENT OF THE WATER MANAGEMENT STANDARDS AND REGULATIONS

Cernavoda NPP complies with all the requirements of the water management permits/protocols executed with the water regulatory authority.

As an example, the underlying documentation for renewal of the water management permits that Cernavoda NPP is required to obtain (for U1 and U2 and for DICA) provided for how the requirements/duties laid down in the permits/protocols/Inspection Reports should be met/observed.

26.9 AMOUNTS OF WATER USED

For operation of Cernavoda NPP, the Danube water is used to ensure that the heat source is taken over from condensers. The amount of water used is set out under the project and can only be adjusted within very small limits, depending mainly on the outside temperature of the input water. No streamlining to reduce the cooling water use factor can be foreseen.

YEAR	DRAWN VOLUME (THOUSAND CUBIC M)
2019	2,285,029
2020	2,253,703
2021	2,239,122
2022	2,134,009

26.10 FINANCIAL QUANTIFICATION OF WATER VOLUMES

The following expenditures were made in 2022:

- For the volumes of drawn water: lei 64,611,306 (contract with ANAR - the central water regulatory authority)

For physical and chemical polluters: lei 12,616,275 (contract with ABADL – the local water regulatory authority)

26.11 WATER DRAWING (EXTRACTION) AND DISCHARGE DATA

YEAR	DRAWN VOLUME (THOUSAND CUBIC M)	DISCHARGED VOLUME (THOUSAND CUBIC M)	VOLUME INJECTED INTO THE DISTRIBUTION BASIN (THOUSAND CUBIC M)
2019	2,285,029	2,285,029	185,270
2020	2,253,703	2,253,703	186,034
2021	2,239,122	2,239,122	209,699
2022	2,134,009	2,134,009	269,816

Water recycling system – It does not apply to Cernavoda NPP because there is no actual water pollution with pollutants that require recycling. At Cernavoda NPP, the targets concerning reduction of water drawn from the Danube are not applicable, because the amount of water used in the technological processes of Cernavoda NPP is provided by the plant's design.

26.12 HYDRIC STRESS MANAGEMENT

The sites of the nuclear units of Cernavoda have been subject to many hydrological surveys conducted to ensure that the area is not subject to hydric stress and that the necessary water quantities are permanently ensured.

However, the potential periods of prolonged drought that can lead to a lower flow rate of the Danube have been taken into account, and technical and administrative measures are considered to help protect of the plant, the environment and the population. Of these measures, we list:

- permanent monitoring of the water flow-rate on the Danube, under the collaboration protocols duly executed with the National Institute of Meteorology;
- availability of internal action procedures for the case where the minimum flow-rate required to cover for the water demand cannot be ensured.

26.13 COOPERATION WITH STAKEHOLDERS FOR WATER MANAGEMENT UNDER HYDRIC STRESS.

In case of drought, when the Danube water level is low, the water regulatory authority places restrictions on the use of water for all economic operators, including the Nuclear Power Plant of Cernavoda. In critical situations, the power plant must be shut down. Over the last four years, there have been no such instance at Cernavoda NPP.

❖ Asset integrity management

The management responsibility for asset management is documented in procedures and concerns three major components: holding of accurate knowledge about the characteristics of the assets in storerooms, including regular verification programmes; characteristics; critical assets; ensuring MIN-MAX stocks; identification of the maintenance (preventive, predictive) requirements.

Asset integrity management takes place in Cernavoda NPP by:

- Taking over of the products, services and works, product storage, product release from warehouse, maintaining their inventory, etc., as described in detail in the procedures related to process RD-01364-S001 - "Process of the management of flow of product, service and work procurement in Cernavoda NPP", and as aligned with the procurement process put in place consistently across SNN.

- Concerning identification of the critical components, there are the procedures SI-01365-T048 "Classification of the Critical Systems and Components" and SI-01365-S015 "Provision of Spare Parts and Consumables Needed for Operation of the Cernavoda NPP Using the MIN-MAX System".

3. As to identification of the maintenance (preventive, predictive) requirements, 2YLA and 3YLA programming, there are the procedures SI-01365-P009 "Preventive Maintenance Programme of Cernavoda NPP", and SI-01365-P081 "Activities with the Power Plant in Use".

Also, according to the management policy, audits are undertaken on all these components, including assessments of the obsolescence management activities, assessment of how SSC reliability is maintained, assessment of the establishment, planning, implementation and updating of the requirements for activities related to the critical components, in such a way so as to ensure the basis for assessment and re-assessment of the related risk register, the necessary corrective measures and actions, and a continuous improvement of asset management.

STRATEGY AND BUSINESS PLANNING

Core objectives and principles are set at the S.N. Nuclearelectrica corporate office level. The strategic objectives are derived from the Government's Letter of Expectations, which in turn is the basis for 12 general objectives. These 12 general objectives are further cascaded down to the level of subunits through both specific and individual objectives. S.N. Nuclearelectrica principles are derived from the mission, vision and values, and are communicated to every company level. Both the headquarter and the station define priorities and promote actions in order to support the objectives through alignment with S.N. Nuclearelectrica's vision and business strategy.

The safe and reliable long term operation of Cernavoda NPP requires the systematic and proactive identification of degradation and ageing mechanisms of plant critical Systems, Structures and Components (SSCs).

Cernavoda NPP has developed many various technical programs following the Equipment Reliability strategy for critical SSCs for timely identification of major problems which might challenge plant operation.

The Main Plant Life Management (PLiM) Program functions are:

- Provide a clear image of the potential threats to plant safe and reliable long term operation to the Station Management and the required Life Cycle Plan necessary to address them.
- Provide the necessary input data for plant Long Term Plan and company Business Plan.

The SI-01365-P093 procedure (Cernavoda NPP) establishes a PLiM Program administration process, defining the Roles and Responsibilities of staff to support the implementation of PLiM program at Cernavoda NPP.

The periodic inspections carried out during the entire operation of the power plant aim to ensure that no unacceptable degradation of the quality of the inspected components has occurred and that the probability of failure remains at an acceptably low level, throughout the life of the Power Plant.

The SI-01365-T057 procedure (Cernavoda NPP) describes the "Periodic inspection program carried out at Cernavoda NPP" in accordance with Canadian standards CSA N285.4 and CSA N285.5 and defines the roles and responsibilities of the personnel involved in the development of this program.

The periodic inspection program has two components:

- The Periodic Inspection Program for the nuclear components of the CANDU type plants, according to the Canadian standard CSA N285.4, which also includes the additional mandatory inspection requirements for Fuel Channels, Feeders and Steam Generator Tubes;
- Periodic Inspection Program for the envelope components of CANDU type plants, according to CSA N285.5.

By reducing to minimum, the frequency of occurrence (reducing the probability) and the severity (reducing the consequences) of the events that have obsolescence problems as their cause, the inherent risk of decreasing the performance of the plant and the reliability of the equipment will be reduced.

The PSP-T010-021 procedure (Cernavoda NPP) describes the "Management of obsolescence problems at Cernavoda NPP" and it establishes the way of managing obsolescence problems: identification, prioritization, analysis, establishment of the strategy/ actions necessary to solve them and the way of tracking the solution of these technical problems.

The critical components are always part of the critical systems and structures. The SI-01365-T048 procedure (Cernavoda NPP) provides a methodology for categorizing such systems, structures and components (SSCs) into criticality rankings based on their importance to ensure reactor safety,

production, cost, radiological and environmental aspects. This criticality determination is then used to define suitable maintenance strategies, prioritization of work activities and ensuring appropriate levels of programmatic activities are in place. The methodology described in this procedure is consistent with the approach defined in INPO AP-913 "Equipment Reliability Process Description"

The criteria specified in SI-01365-T048 procedure will be used by plant personnel to identify equipment/components of the critical systems into different categories: Critical, Non-Critical and Run-to-Maintenance, to ensure safe, reliable and productive operation of the plant.

The provision of spare parts and consumables necessary for the operation of the Cernavoda NPP, by using the min-max system (procedure code SI-01365-S015) defines the way of establishing and ensuring the necessary products for the execution of preventive and corrective maintenance activities of the equipment in the Cernavoda NPP, by using the min-max limit system.

The provisions of this document are applied by the personnel involved in establishing min-max limits and in managing the min-max system for products, respectively spare parts and consumables used in the execution of preventive and corrective maintenance activities of equipment/components in Cernavoda NPP.

The maximum limit (L_{max}) represents the limit up to which the supply requirement is established, at the time of initiating a purchase request. The quantity ordered represents the difference between the maximum limit and the free quantity in stock.

The minimum limit (L_{min}) represents the limit that triggers the initiation of the purchase. The moment of triggering the purchase is the moment when the free quantity in stock, not allocated to works, is less than the minimum limit.

In the planning process within the Cernavoda NPP, activities are carried out to prepare in advance the maintenance works with the Power Plant (2YLA - 2 Years Look Ahead).

The SI-01365-P089 procedure (Cernavoda NPP) establishes this sub-process of identification and programming 2 years in advance ("2 Years Look Ahead" - 2YLA) of maintenance works with the Power Plant in power, thus ensuring sufficient time for obtaining fixed means, objects of inventory, spare parts, materials, services and technical solutions necessary for the execution of activities.

This sub-process, called "2YLA" for short, aims to support the operation of the Power Plant in conditions of nuclear safety and economic efficiency through a proactive approach to programming, evaluation and preparation for the execution of maintenance works with the Power Plant in power, monitoring and strict control of these processes, so as to ensure the preparation of the activities selected for the purpose, before entering the sub-process of planning the activities with the Power Plant (13WLA).

The RD-01364-T010 procedure (Cernavoda NPP) defines the process of maintaining the reliability of systems, structures and critical components according to project requirements and establishes methods for its documentation, implementation, evaluation and improvement. The reliability

maintenance process includes monitoring programs, preventive maintenance programs, testing, periodic inspections and chemical control. Reliability is defined as the probability that a SSCs will perform its functions within a determined time interval, if it is used within the established operating parameters. The procedure is applied by all the plant personnel involved in the activities of maintaining SSCs reliability.

The preventive maintenance program at Cernavoda NPP is processed through procedure SI-01365-P009, which aims to establish how preventive maintenance requirements are defined, as well as how to implement/revise them within Cernavoda NPP. This procedure is used by all the personnel involved in defining, implementing and revising the preventive maintenance program at Cernavoda NPP.

Monitoring the state of the equipment represents activities of tracking the relevant operating parameters of the SSCs in order to determine the evolution of the degradation over time so that revisions are planned before the degradation leads to failures or departure from the designed operating parameters.

The periodic revisions represent the verification/replacement activities of SSCs components with predefined periodicity, which are performed regardless of the state of degradation of the equipment (major revisions with the replacement of wear or sealing elements or even the replacement of the equipment at the end of its life, internal inspections, revisions current with the replacement of lubricant, cleaning/replacement of filters, etc.).

Predictive maintenance is based on monitoring the condition of equipment, measuring performance parameters and analyzing their trends. The predictive maintenance activity is processed through procedure SI-01365-P10 (Cernavoda NPP).

The main objectives of the predictive maintenance program of the Power Plant are to improve the safety and reliability of the Power Plant. Through the implementation of the program, the detection and diagnosis of the degradation of the equipment before failure will be achieved. Predictive maintenance techniques are also used to monitor equipment condition, in order to optimize the equipment overhaul schedule.

Within Pitesti NFP, the maintenance of the machines and installations on the nuclear fuel production line in operation at the designed parameters is ensured by the preventive planned overhaul and repair system.

By planning the revisions and repairs, as well as by the repair regulations/ technical books, etc., the legal framework is created which ensures the necessary conditions for the safe operation of the machines and the security of the personnel.

Thus, in NFP Pitesti, for maintaining in good working order the machines and installations specific to the manufacture of nuclear fuel bundles and related installations, there is a series of internal working procedures (CN-TH-59,60,56,22,32,18,19,21,30,70) for the description, understanding and establishment of the working method and the responsibilities of the personnel involved.

Through the operation activity-permanent supervision, periodic controls, some checks and tests, as well as through the application of the provisions of this regulation, the technical operation regulations, the instructions of the equipment suppliers and the internal technical instructions (procedures) for each machine and workplace, the works that must restore and maintain the installations and equipment in the prescribed technical condition are determined. The works established on these bases are performed either within the exploitation activity (current maintenance) or in the repair activity (scheduled or accidental).

Within NFP Pitesti, according to the legislation in force and internal procedures, the following categories of works are distinguished: current maintenance (IC), technical revisions (RT), current repairs (RC1), general revisions (RC2), capital repairs (RK), reconstructions and modernizations (RM), accidental interventions (IA), accidental repairs (RA), technological shutdowns (OT), activities specific to the Aging Management Program (MI).

Planning of overhauls, repairs, reconstructions and modernizations within NFP Pitesti:

- Technical revisions, repairs, reconstructions and modernizations, for installations and machines are planned annually and monthly based on the provisions of this regulation and the provisions of their technical books.
- For the other machines/installations, the annual and monthly planning is done according to the prescriptions of the specific technical regulations, characteristic of each category of machines, as well as the internal procedures.
- The annual repair program (Rt, Rc1, Rc2 and RK) for all machines/installations is drawn up according to the working procedures in force.
- Capital repairs are extracted from the annual program and registered in a separate plan, the volume of works being broken down by equipment/installation category.
- The monthly plans for technical revisions and repairs, for all machines/installations, are approved by the Chief Engineer of the Technical Department.

Management of risks related to climate factors

The internal and external OPEX (operating experience) process is carefully monitored and reported on to through the External Nonconformity (NC) Reporting Process - CECA - the NC classification committee reviews the issued NCs and decides on the NC category. Important NCs are subject to root-cause investigations, followed by preventive/corrective/improvement actions. Also, within the plant management committees have available reports on these main NCs.

The investigations and root-causes are debated on in the weekly meetings of the NPP management and, once the reports are approved, either actions are taken, or action plans are devised to properly monitor application of the decisions made.

Daily, hydrological and meteorological data is received from national institutes and represents basic inputs to assessment of business-related risks (via EOOS-Risk Monitor). Participants in the daily management meeting are informed about the risk level results for the previous day and the current day estimates and, if necessary, additional actions are decided based on the risk level and the potentially affected safety issues.

At corporate level, there is a risk management process in place, and its deliverable is a 3-month integrated report of the risk register and the actions required to mitigate the risks. The report also contains the "Climate Risks" chapter, which details general information at corporate level.

Integrating physical climate changes into the regular risk assessments and the business strategy

The NPP's procedures in force, which also include instructions for extreme conditions related to climate change, are implemented in all activities of the power plant, and a regular daily risk assessment is carried out and discussed in the operational decision meeting, as presented above. Every 3 months, a meeting called Plant Safety Operating Committee (PSOC) is held with the first line management to discuss the Plant Risk Report with the aid of the Risk Monitor (EOOS) for the last 3 months and also for the last 12 months. The aggregate annual risk indicator calculated for the period concerned is compared against the documentary limit set for the EPSN average risk level (2.61E-05); usually, this value is conservatively set below the limit recommended by the IAEA (1E-04).

Responsibility of the management or of Board of Directors level for the climate change risks

In SNN, the climate change risks and any other abnormal situations falls under the responsibility of the management and the Operations Division of the nuclear power plant, and actions are taken depending on the type of hazard and the action level contain in the main document of the OP&P power plant, *i.e.* the emergency procedures (depending on the specifics of extreme events of natural origin - EEON).

The report for the last part of 2022 was submitted to, and approved by, the SNN management in the second half of January 2023.

Initiatives to manage or adapt to climate change physical risks

Under contracts and/or through mutual Protocols, the weather conditions supplied by the Institute of Hydrology, the Institute of Meteorology and the Institute of Seismic Research (if necessary) are daily updated. This information is input data for the daily assessment of activities, plants and their related risks, carried out under the plant risk monitoring procedure (EOOS). The average risk template is presented and discussed daily in the operational meeting of the plant and, if necessary, additional actions are decided based on the estimated risk level.

After the Fukushima event, corrective actions were devised and implemented to accommodate the lessons learned from this event. The emergency plan and procedures, agreements, protocols and contracts in force have been revisited and revised to better adapt to the emergency response in case of serious accidents that overlap natural disasters. A sound accident management programme, with Abnormal Operating Procedures (APOP), is in place. Particular attention was paid to the communication systems, where measures were taken together with the special national communication services to complete and improve the existing communication systems.

In 2022, an independent assessment of the power plant's design was carried out against the assessment of external events regarding extreme air and water temperatures; for 2023, the project ESR - 035 "Review of Cernavoda Power Plant's Design with an Updated Risk Assessment" is subjected to an independent review in terms of the actual results of the external events, such as extreme wind, tornado, extreme rainfall/snowfall and their potential risk to the power plant's systems and structures performing a nuclear safety function.

The results of the above assessments are included in the updates of the FSAR (Final Safety Report), a document that is part of the basic design document required for approval by the nuclear authority and for the sustainability of the power plant's license.

Recognition of climate change physical risks

The final safety analysis report (FSAR) and the addenda thereto, as well as other permitting-supporting documents, make up the summary of the safety case for Cernavoda NPP.

Under the FSAR, most hazards are addressed in Chapter 2 thereof, Site Characteristics, which includes the geography, demographics, nearby industrial, transport and military facilities, meteorology, hydrology, geology and seismology. FSAR's Chapter 3, Nuclear Power Plant's Buildings and Structures, describes the design characteristics to protect structures against the effects of hazards.

Earthquakes - Earthquakes were tackled by a deterministic risk analysis to determine the parameters for a design earthquake;

- Extreme weather conditions - The extreme weather conditions were determined based on data collected in the vicinity of the power plant, subject to a limited use of on-site weather data.

- Historical wind data: wind and seismic events have similar effects, but the seismic effects are more limiting; so, the effects of wind were not addressed separately (save for the outer wall panels, etc.).

- Tornadoes were deemed to occur at very low frequencies

- Snow - the maximum snow-cover was determined based on records from nearby locations to be 136 cm in 1954. The original design standard used in FSAR was compared against modern standards and it was concluded that the original design value is conservative.

- Rainfall - The highest value of these absolute maximum amounts of precipitation in 24 h in Cernavoda was 103.5 mm, recorded in July 1993; the longest duration of precipitation was recorded in Fetești, in April 1984 and lasted 90 hours. The value used for the design/flood protection tasks is documented; additionally, the drainage on site and in Valea Cismelei and Valea Vițeilor was identified and rated as adequate to avoid floods.

- Drought - The minimum levels of the Danube River (at specified confidence levels) are determined and documented in FSAR and have proven to be adequate to provide sufficient water for the safety systems of the plants. However, the operating procedures for maintenance of the safety case have been re-assessed and revised

- Hydrology - The hazards related to surface and underground water are addressed.

- Emergency water supply

- Ice - even in icy winters, there is always enough water available for the unit's safety systems

- Floods - The levels of the Danube River and the Danube-Black Sea canal were analysed based on historical data and an assumption of failure of the upstream dam on the River. The result showed that the height of the site is sufficient to avoid safety problems in case of floods. The runoff from Cismelei Valley and Vițeilor Valley was also analysed for the level of precipitation and was taken into account in the design of the plant so as to avoid flooding. Unit 1 is protected against flooding caused by the rising groundwater levels by including a perimeter containment

wall around the nuclear island, which provides protection against levels higher than the 100-year maximum groundwater level, and there are pumps available to remove any water intrusion. Additionally, areas, such as probabilistic security analysis (PSA), have been expanded and improved. Much of this development was supported and reviewed by organizations, such as the IAEA.

- Biological hazards (addressed under IAEA NS-G-1.5)

A major study has been published and approved by the EU after the 2011 FUKUSHIMA event, known as the Stress Test Report, based on the requirements set by the Western European Nuclear Regulators Association (WENRA) and the European Nuclear Safety Regulators Group (ENSREG), which addresses the aspects required by the EU "stress test" specifications, where the initial design basis of nuclear power plant units is discussed, followed by a detailed assessment of each of the major aspects for the design basis overrun conditions.

This detailed assessment concludes that both units of Cernavoda NPP nuclear power plant, as these were designed, meet the safety requirements laid down in the initial design, while also providing for sufficient safety margins against serious earthquakes, floods, power failures, and loss of final radiator. Ever since, improvements have since been identified and implemented to increase the available safety margins. A stand-alone assessment was conducted using a risk-based process to determine which improvements are recommended for implementation with priority.

There is also a number of NPP internal procedures, forms/checklists and briefings, in addition to the Design Base Documents (DBA) required for the Licensing Design Base Documents (DBA) of the nuclear power plant's units, which describe the methods and actions that must be taken depending on the type of extreme weather hazard and/or any combination of hazards and operational risks.

Management systems

1.1 NUCLEAR SAFEGUARDS (PEACEFUL USE)

The safeguards that apply to the CANDU 600 reactors at Cernavoda nuclear power plant and its fuel cycle are included in the legal framework of the European and international safeguard agreements.

The Treaty on the Non-Proliferation of Nuclear Weapons was ratified by Romania in 1970. This was followed by the Agreement between Romania and the IAEA for application of safeguards in connection with the Treaty on the Non-Proliferation of Nuclear Weapons, signed in 1973, and, later by the Protocol between Romania and the International Atomic Energy Agency, additional to the Agreement between the Socialist Republic of Romania and the Agency International for Atomic Energy for application of safeguards in connection with the Treaty on the Non-Proliferation of Nuclear Weapons, of 28 July 2000.

As a member of the European Community and a signatory to the Treaty establishing the European Atomic Energy Community (EURATOM) of 1 January 2007, the Parliament of Romanian implemented, on 1 May 2010, the Global Safeguards Agreement with the International Atomic Energy Agency (IAEA), supplemented by the Additional Protocol. Further to the coming into force of this Agreement for Romania, the initial Agreement between Romania and the IAEA, as well as the additional Protocol thereto, were stayed.

Additionally, acquisition of CANDU technology requires establishment of a bilateral treaty with Canada, which sets out the need for the nuclear materials used and produced by CANDU

technology to be subject to IAEA safeguards, as a measure to check their use only for peaceful purposes. In this regard, Romania is a party to the Agreement between the Government of Canada and the Government of Romania for cooperation in development and use of atomic energy for peaceful purposes, 1978, as amended in October 1994, and to the additional Protocol to the Agreement between the Government of Canada and the Government of Romania for cooperation in development and use of atomic energy for peaceful purposes, signed on 9 January 2016.

Based on the legal agreements above, the nuclear materials at the Cernavoda nuclear power plant are subject to both the IAEA and EURATOM safeguards.

1.2 INTEGRATED MANAGEMENT SYSTEM

The integrated management system applied by Cernavoda NPP focuses on meeting the nuclear safety requirements that derive from the NCNAC rules and requirements underlying the issue the operating permits for Units 1 and 2 of Cernavoda, the spent fuel storage (DICA) and the intermediate storage of radioactive solid waste (DICA), at the same time with fulfilment of all other requirements related to: quality, environment, occupational health and safety, financial and accounting, physical protection, etc. The nuclear safety requirements take precedence over any other requirements.

The activities authorized for the operating phase of Cernavoda NPP according to the Operating Permits are:

- a) actual operation;
- b) maintenance, repair, modification, both in terms of activities performed during operation, as well as activities to be performed during scheduled and unscheduled shut-downs.

Societatea Nationala "Nuclearelectrica" - SA, the holder of the nuclear plants, is also the holder of the operating permits, and "Cernavoda NPP" Branch is the organization that operates the nuclear plants. The permit holder can delegate the responsibility for complying with the limits and conditions of the operating permits to the operating organization, but it still retains the responsibility for their compliance.

The integrated management system defined and put in place by Cernavoda NPP is flexible, and allows the implementation of changes to optimize the processes and activities with a view to continuously improving the Cernavoda NPP's performance in terms of the safe and reliable operation of the two units, as well as of the spent fuel storage.

Each Executive, Chief Engineer/Head of Department and Head of Unit must assume the system's requirements and the responsibility for their correct understanding and implementation in the organizational structures they coordinate.

The Executives/Chief Engineers/Heads of Departments provide direct support to process owners, who coordinate the activities falling under the scope of their work, and ensure that for, any problem raised by them, clear measures are determined to help improve the specific performance of that process. They also ensure that each process under their responsibility is regularly assessed against the requirements of the procedure RD-01364-Q006 "Assessment and Continuous Improvement of the Management System", and that the results of these assessments are fed into the continuous improvement of its performance.

Management System Structure

Development of the Integrated Management System of Cernavoda NPP relies on the classical PDCA (Plan-Do-Check-Act for correction or improvement) principle and the process-based approach principle.

The PDCA principle is graphically described in Figure 1.

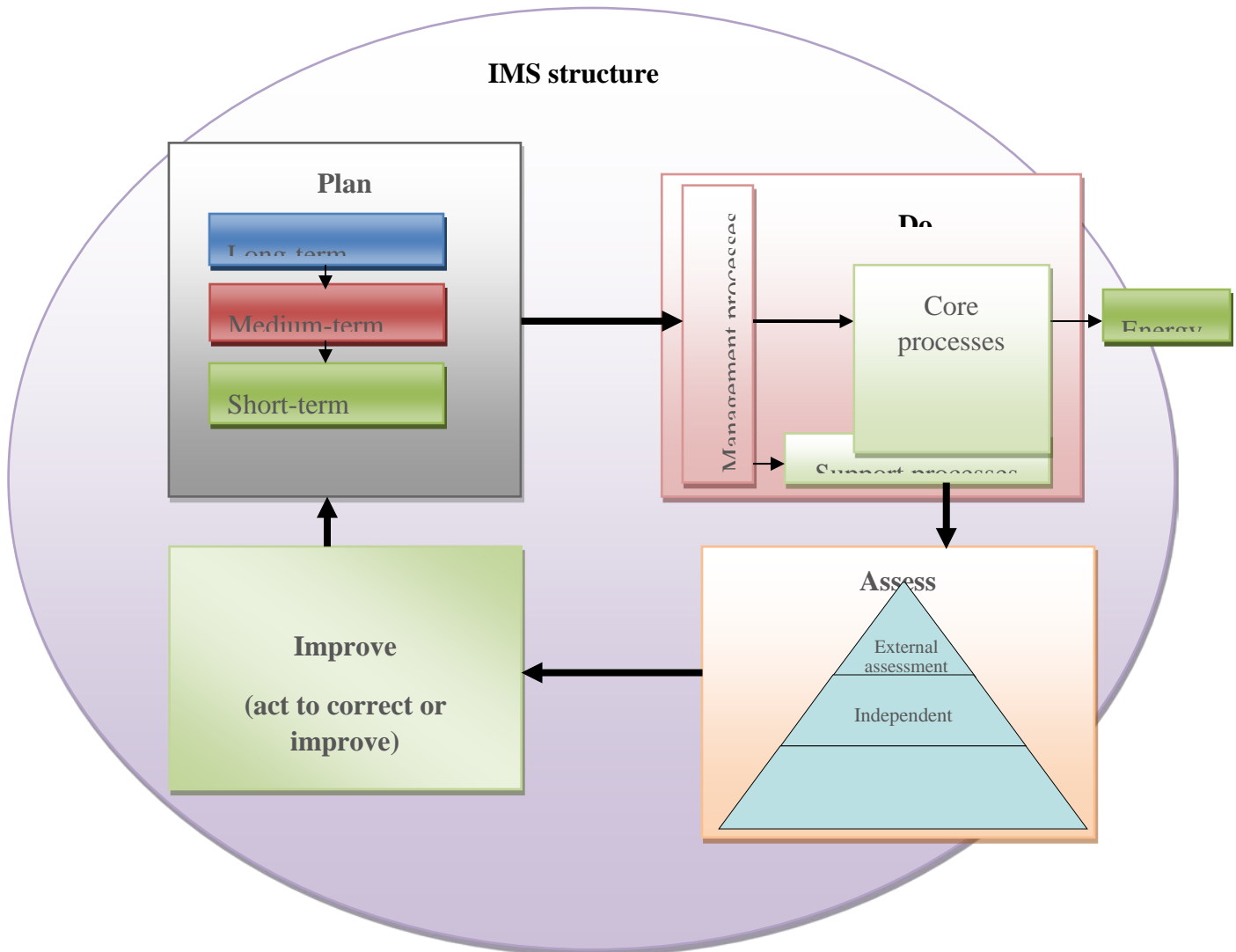


Fig. 1 Model of the Management System implemented at Cernavoda NPP

The PDCA principle applies to every process or activity in Cernavoda NPP, and is the basis for the continuous improvement of system's requirements.

Implementation of the integrated management system's requirements requires knowledge, and understanding by all the staff, of the requirements laid down in the system documentation and their application in the day-to-day activity. The implementation results must be assessed for both effectiveness and the identification of ways to continuously improve and increase efficiency, but also the safety culture of the organization.

Safety Culture

The management of Cernavoda NPP ensure that, in all processes and activities of the power plant, the safety aspects (nuclear, staff, environment, etc.) are identified and addressed with priority. All

Cernavoda NPP employees contribute, individually and as a team, to the development and maintenance of a sound safety culture.

Any preparation activity (initial, continuous or specific) features elements concerning the importance of the nuclear safety aspects and the attention that must be paid to these aspects in all phases of an activity or of a process.

All management and coordination levels act as a model in implementation of the safety security by displaying an attitude of questioning and continuous learning, understanding the way the power plant's systems and components work, reporting deficiencies, and participating in identification and remedy of their root-causes. This ensures that there the necessary safety leadership is available in Cernavoda NPP.

The events that occur and have safety implications are promptly brought to the attention of the power plant's staff and the lessons learned from the event are embedded into the power plant's practices and procedures.

The limits and conditions set out under the Operating Permit, the Integrated Management System Permit, the Environmental Permit, and the ISCIR and OP&P Authorizations Permits are duly considered in preparation of the execution documentation, and any exclusion therefrom is subject to approval by the plant management and NCNAC, as provided by the procedure SI-01365-P046 - "Requests for authorization by the plant's manager or NCNAC". Any infringement of these limits is qualified to be an event, is recorded via the RCA system according to the provisions of the procedure SI-01365-P030 - "Reporting Abnormal Conditions", and is reported to NCNAC according to the requirements of the procedure SI-01365-P013 - "Event Reporting to NCNAC".

Specific processes such as "Nuclear Safety Management Review (PSOC)", "Operational Decision Making (ODM)" or "Technical Operability Evaluation (TOE)" are devised and put in place to ensure that the nuclear safety issues are addressed with priority.

Cernavoda NPP has defined the framework for organization and regular assessment of the safety culture. Assessment of the safety culture is carried out regularly at Cernavoda NPP.

Gradual application of the IMS requirements

The requirements of the integrated management system are applied differentiated (graded) to the activities of Cernavoda NPP, taking into account their impact on nuclear safety and the expected performances. This is reflected in the requirements laid down in the documentation describing these activities (detail level, need for independent review of activities, need to document results, etc.), as well as in the level of control, review and approval of these documents.

The requirements for acquisition of the products and services needed for the safe and reliable operation of the nuclear plants at the Cernavoda NPP are gradually applied according to the gradual application class of the IMS requirements set out by the design/procurement documentation. The method applied to determine the gradual application classes of the IMS requirements is described in the specific procedure SI-01365-T040 - "Determination of the gradual application classes for the requirements of the quality management systems imposed on

the manufacture of products and provision of services/works intended to Cernavoda NPP", prepared in accordance with the requirements of the Rule NCNAC NMC-13.

For a consistent approach to implementation of the management system's requirements in Cernavoda NPP, the Management System processes are defined to ensure integration of all management reviews and supervision activities and correct priority setting, and as a systematic approach to decision-making, which meet the needs of Cernavoda NPP's excellence plan, is adopted.

A process-based approach means a logical sequence of activities carried out to effectively attain the desired result.

In accordance with the provisions of the Regulation for Organization and Functioning (ROF), the SNN Organizational Chart and the SNN Management System Manual, the Cernavoda NPP Management System processes and the SNN Management System processes are correlated and aligned, as provided in the SNN Process List included in the SNN Management System Manual. The process owners of the Headquarters ensure operational coordination of the subsequent/correlated processes carried out in Cernavoda NPP for the purpose of a unified and consistent approach to how activities are carried out at interface, avoiding mismatches and providing support to ensure that all legal and regulatory requirements are met, objectives are attained, and expected performance is reached. Operational coordination is provided on matters related to planning, interface activity performance interface and performance monitoring and review.

Cernavoda NPP has classified the management system processes into three stand-alone categories, namely:

- Management Processes
- Core processes
- Support processes

A. Management Processes – processes used for management and assessment of the management system. These processes describe matters related to:

- how activities are managed and steered in Cernavoda NPP, including decision-making, setting of responsibilities and assuming them, organizational management and leadership, and management of organizational changes;
- how activities are organized in processes and how activities are managed through processes;
- how activities are supervised, monitored and controlled;
- control of the interfaces with stakeholders, including regulatory bodies;
- management and governance of strategic projects.

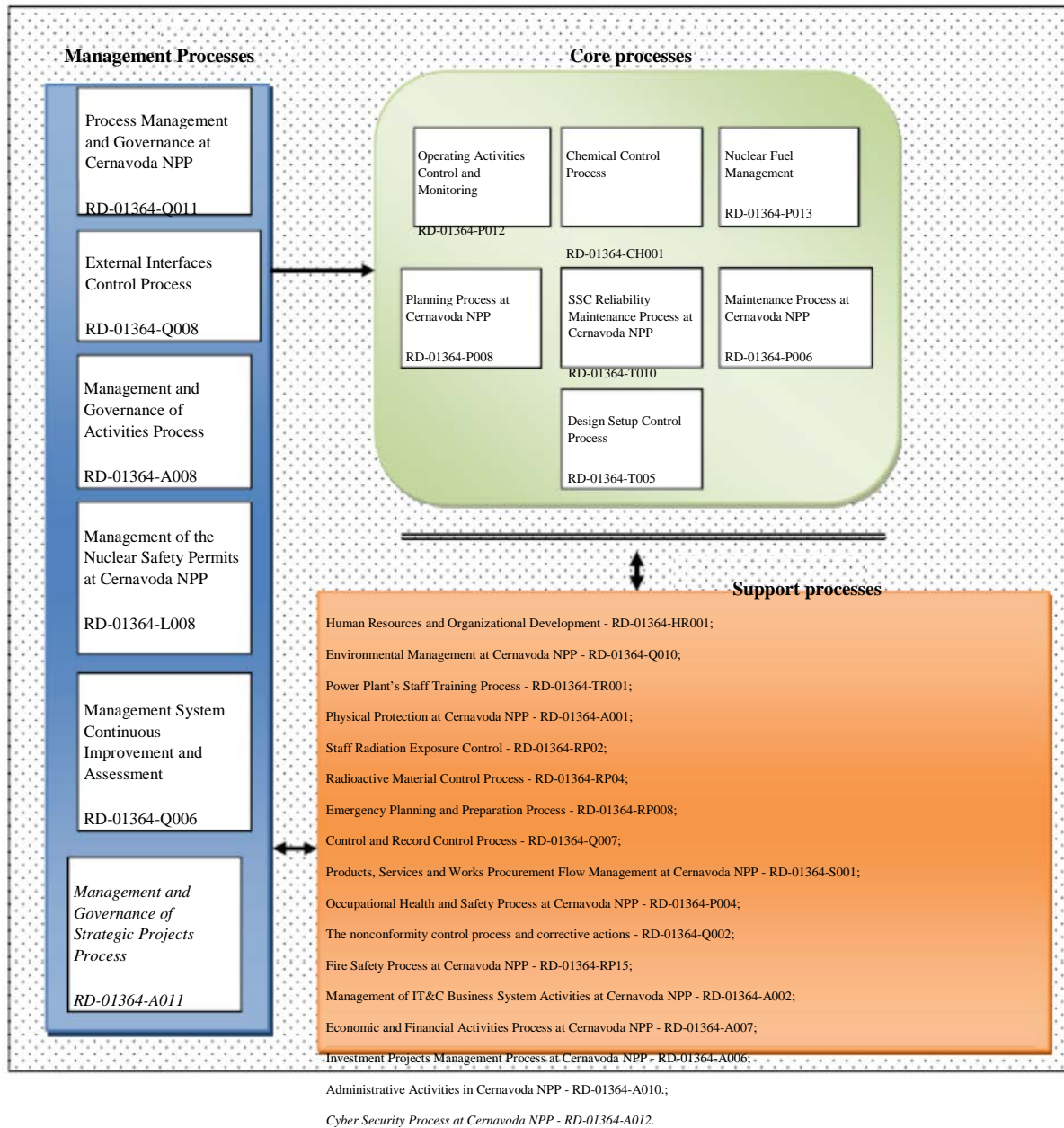
B. Core Processes – processes that contribute directly to attainment of the organization's mission. These processes describe matters related to:

- monitoring the operating status of the power plant's systems, including operating manoeuvres and response to transients;
- condition of the fluids in the power plant's systems;
- control of gas and fluid releases/discharges;

- reactivity control and reactor loading;
- identification of the maintenance and repair works in the power plant and their planning;
- definition of maintenance programmes and their implementation, including identification of the resources needed for implementation;
- control of the instrumentation used in operation and maintenance processes;
- NISSC reliability control and replacement of equipment with low reliability;
- how the design bases are kept and how control of design setup, operating documentation and design documentation is maintained.

C. Support Processes – processes that describe how to ensure the necessary support for operation of the management processes and core processes.

The figure below shows a process map in Cernavoda NPP:



In order to ensure process development in Cernavoda NPP, a person is tasked with process development, who and their role is to define the IMS process model used by Cernavoda NPP and ensure consistent process treatment in Cernavoda NPP.

The IMS processes are assigned to the departments/services of Cernavoda NPP, and each process has an owner. Process owners are selected from among the experienced staff of these departments. Process owners are appointed by decision by the Cernavoda NPP management based on the criteria laid down in RD-01364-Q011.

The upper management (Executives/Chief Engs./Heads of Departments) are appointed as sponsors of the processes managed by their subordinated departments, providing the necessary support to process owners for process development.

Each IMS process has attached performance indicators, which are used to assess its state of health and for its continuous improvement.

When activities of an IMS process are outsourced under contract, these contracts set out clear requirements concerning the mode of action at interface in terms of provision of information, and receiving and checking the results of the outsourced IMS processes/activities.

The general requirements for development and governance of processes are described in the procedure RD-01364-Q011 - "Process Management and Governance in Cernavoda NPP". Process development in Cernavoda NPP is managed by the Management System Development and Monitoring Department.

1.3 ADDRESSING UNPLANNED SHUTDOWNS OF THE MANAGEMENT SYSTEM

Unplanned shutdowns are defined as a continuous process of the power plant, as presented above, and forms a multi-stage chain. The process concerning identification and analysis of activities in an Unplanned Shutdown is carried out so that the Approved Purpose of an Unplanned Shutdown is ready to be implemented.

In each planned or unplanned shutdown, an analysis is carried out that highlights the positive aspects to be retained as good practice, as well as the aspects to be improved for implemented in future shutdowns. All these matters are described in the applicable internal procedure.

		2019 (duration B/B)	2020 (duration B/B)	2021 (duration B/B)	2022 (duration B/B)
U1	Planned shutdowns	N/A	<i>Start stop:</i> 20 June 2020, 08:00 <i>Duration:</i> 46.3 days	N/A	<i>Start stop:</i> 08 May 2022, 08:00 <i>Duration:</i> 50.9 days
	<i>Unplanned shutdowns</i>	1. 18.09.2019 at 05:30, Duration: 160 hours	1. 05.08.2020 at 21:34, Duration: 6.5 hours	1. 23.01.2021 at 02:08, Duration: 163 hours 2. 29.12.2021 at 20:14, Duration: 9.25 hours	1. 26.08.2022 at 17:00, Duration: 112 hours 2. 16.10.2022 at 08:00, Duration: 13 hours 3. 19.10.2022 at 16:50, Duration: 8.5 hours
U2	Planned shutdowns	<i>Start stop:</i> 03 May 2019, 11:00 <i>Duration:</i> 35.4 days	N/A	<i>Start stop:</i> 09 May 2021, 11:00 <i>Duration:</i> 36.3 days	N/A
	<i>Unplanned shutdowns</i>	No unplanned shutdowns	1. 29.08.2020 at 08:16, Duration: 47 hours	1. 10.07.2021 at 18:03, Duration: 51.6 hours	No unplanned shutdowns

				2. 28.07.2021 at 23:08, Duration: <i>46.25 hours</i>	
				3. 14.10.2021 at 11:21, Duration: <i>53.68 hours</i>	

1.4 ADDRESSING RADIOLOGICAL EVENTS IN THE MANAGEMENT SYSTEM

Cernavoda NPP has in place a process for emergency planning and preparation. The process of planning and preparing for emergencies in Cernavoda NPP was devised taking into account the national legal requirements, the recommendations of the relevant international organizations and the standards and experience of the nuclear power plants in the countries of the European Union. At Cernavoda NPP, there is an appropriate administrative framework for the planning, implementation, coordination and control of planning and preparation for situations

This framework is documented in MMI-01.02 "Cernavoda NPP Integrated Management Manual", which defines the policy and responsibilities needed for organization of the planning and preparation for emergencies.

The emergency plan is devised based on the list of events substantiated in the document "Determination Strategy for the "Technical Bases for the Cernavoda NPP On-Site Emergency Plan".

The key areas underlying the definition and development of the Emergency Planning and Preparation Process in Cernavoda NPP are:

- Process organization;
- Emergency plan and procedures;
- Provision of material base and logistical support;
- Emergency preparation and drills;
- Interface with public authorities and public information.

The following policies are applied as part of the Emergency Preparation and Planning (EPP) process:

- The emergency response activities are carried out in accordance with the applicable standards and procedures and with the necessary human and material resources so as to ensure protection of the public, health and safety of the staff on site and mitigation of the damages to the power plant.
- Within each shift of Unit 1 and 2, there is a sufficient number of qualified people able to conduct the necessary response activities until the organizational emergency unit is increased.
- The staff, the plan and the procedures are prepared and tested for emergency response adequacy, starting with minor events and up to severe accidents.
- The emergency facilities and equipment are permanently available and represent an adequate support to the emergency response activities.

1.5 RADIOLOGICAL RISK ASSESSMENT MODE IN THE MANAGEMENT SYSTEM

An important aspect of Cernavoda NPP's operation is protection of the power plant's staff, population and environment against the ionizing radiation, both under normal operating conditions and under accident conditions.

An efficient and effective radiation protection programme implies adoption of measures as early as the design phase of the power plant and determination of a set of operating procedures and regulations.

Protection of the population and environment against ionizing radiation is done by controlling the sources of radiation (radioactive discharges) and monitoring the environment.

The key objective of radiation protection is to achieve and maintain an appropriate level of protection and safety for the activities that involve exposure of people to radiation.

This objective is attained by applying the following four principles of radiation protection:

- Substantiation: construction and operation of the power plant is justified by the benefit it provides the society with, provided that the general impact is kept below the allowed limits;
- Limitation of doses and risks: individual doses must not exceed the limits set out in the Rules concerning the basic radiological safety requirements;
- Protection optimization: radiation exposures are kept at the lowest reasonably possible levels, taking into account the economic and social factors (ALARA principle - As Low As Reasonably Achievable). The ALARA principle is the optimization principle in radiation protection. The optimization methods applied can be qualitative (by pursuing objectives according to international recommendations and the current worldwide practices that cover all aspects related to protection against radiation in the power plant and that, once attained, ensure that all staff exposures are at the lowest reasonably possible level - ALARA), or quantitative (by differential analysis of the cost of protection and the envisaged result, i.e. dose reduction);
- Source security: all practically reasonable measures are taken to ensure a smooth operation of the power plant and prevent accidents with radiological effects, as well as to mitigate the consequences of these accidents.

Limitation of the external and internal exposure of the people at the border of the site, as well as the power plant's staff is achieved through a number of facilities embedded into the power plant's design, as well as by adopting a set of operating procedures and regulations.

Exposure of population is limited by removing all unauthorized persons from the plant's premises and prohibiting permanent residence inside the exclusion zone.

The release of liquid and gaseous effluents is monitored and controlled, and active solid waste is stored so as to prevent any release.

Exposure of the power plant's staff to radiation is limited by controlling their access to areas with high activity or potential contamination, as well as by compartmentalizing the plant and putting in place structural protections.

In addition, protective clothing, air masks and decontamination facilities are available for use when needed. Staff monitoring and dosimetry equipment are also provided.

According to the Romanian rules in force, exposure of the operating staff to radiation must not exceed the annual limit of 20 mSv.

For Cernavoda NPP, the documentary limits for individual and collective doses are set on an annual basis. The documentary limits of collective doses for certain works and teams of workers are set on a case-by-case basis, as an intermediate control measure. A system to control the receive doses was also put in place to identify problematic areas and take corrective measures in due time.

The radiation protection programme of Cernavoda NPP is based on the general principles recommended by the International Commission on Radiological Protection and adopted under the Radiological Safety Fundamentals:

- substantiation of the practices;
- protection optimization;
- limitation of population exposure and environmental impact.

The specific staff radiation exposure control measures are provided under the sub-processes (programmes):

- o Staff dosimetry;
- o Radiological hazard control (identification, reduction, monitoring, communication);
- o Control of works with radiological risk;
- o Reduction of occupational exposure (ALARA programme).

1.6 MEANS OF ADDRESSING RADIATION EXPOSURE FOR EMPLOYEES AND COMMUNITY IN THE MANAGEMENT SYSTEM

Exposure of population is limited by removing all unauthorized persons from the plant's premises and prohibiting permanent residence inside the exclusion zone.

Cernavoda NPP is under the obligation to ensure radiological monitoring of the work environment and individual exposure monitoring of occupationally exposed persons and visitors following its authorized practices.

Individual exposure monitoring, under normal operation conditions, during planned/unplanned shutdowns, and during radiological emergencies and severe accidents is steered by a certified dosimetry body.

The dosimetry programme of Cernavoda NPP is based on the requirements of the applicable domestic legislation and the latest recommendations of the International Commission on Radiological Protection, as implemented in specific standards and regulations.

The dosimetry programme of Cernavoda NPP sets out the specific requirements for individual monitoring and monitoring of the radiologically controlled area, complies with the provisions of the NCNAC Order 180/2002 "Individual Dosimetry Rules", and is designed to support compliance with the dose limits laid down under the "Fundamental Radiological Safety Rules".

The measurements needed to implement the programme are carried out by the Individual Dosimetry Laboratory of Cernavoda NPP as a dosimetry body certified by NCNAC.

The main purpose of implementing the Dosimetry Programme is to measure, assess, assign, record and track the developments in all significant doses due to radiation, doses received by an individual during a given period of time, regardless of whether these are the result of the whole body or part of the body exposure, and to retain these records in an appropriate form for comparison against the statutory and documentary limits.

The DOSE RECORDS IT system of Cernavoda NPP ensures recording of all individual doses and the physical support for tracking individual exposures, so that the established documentary limits are not exceeded, and exposures are kept ALARA.

The results of the radiation exposure monitoring programme are used to assess and improve all activities carried out under the process "Control of Staff Radiation Exposure".

The dose recording system is used to advise staff and supervisors and to plan the works with radiological risk.

1.7 DESCRIPTION OF THE RADIOACTIVE WASTE MANAGEMENT REQUIREMENT IN THE MANAGEMENT SYSTEM.

The management of radioactive waste is carried out in such a way as to keep the amount of waste at a reasonable minimum level and to ensure acceptable levels of protection for employees, population and environment.

The radioactive waste management programme, as described in the specific document SI-01365-RP007 "Radioactive Waste Management in Cernavoda NPP", is part of the radioactive material control process RD-01364-RP04 and details the radioactive waste management programme, providing information on the generation and pre-storage activities (processing, intermediate storage and transfer) concerning the radioactive waste produced at Cernavoda NPP.

The pre-storage activities applied to the radioactive waste and spent nuclear fuel generated by operation of U1 and U2 of Cernavoda NPP are currently ensured with:

- the existing facilities of Cernavoda NPP and, as the case may be, the services provided under contract by external companies authorized by NCNAC,
- the radioactive waste transport and treatment and conditioning services, provided under contract basis by external operators, from the country and abroad, recognized by NCNAC.

Also, under its internal policy, Cernavoda NPP seeks to minimize the amount of radioactive waste by both controlling its generation (with the activities described at 1-2-03400-OM-001 "Radiation Protection Procedures") and treatment, decontamination and conditioning, compaction, and incineration of radioactive waste, for which Cernavoda NPP has concluded contracts.

The exposure to radiation of the staff and the public due to the processing and storage of radioactive waste is optimized according to the ALARA requirements described in the procedure SI-01365-RP016 "ALARA Process in Cernavoda NPP".

The legal responsibilities of SNN in terms of the management of radioactive waste and spent nuclear fuel generated by Cernavoda NPP's U1 and U2, including how financing for these activities is ensured, are in accordance with the applicable fundamental legislation.

The financing of the costs related to the pre-storage of radioactive waste and spent nuclear fuel from Cernavoda NPP is provided from the operating budget of Cernavoda NPP.

In planning the next stages in the lifecycle of the nuclear power unit, the material and financial arrangements are reviewed/updated in order to ensure their availability when needed, according to the law.

- Ensuring pre-storage of radioactive waste generated from refurbishment, estimating the related costs and ensuring financing for these activities are provided in the feasibility study for the refurbishment project of the nuclear power unit.
- The management, cost estimation and financing mechanisms for the management of radioactive waste generated from decommissioning are provided in the preliminary decommissioning plan of the nuclear power units.

The pre-storage of radioactive waste and spent nuclear fuel generated by Cernavoda NPP and implicitly the financing of the activities in the various stages of the lifecycle of the nuclear power units take into account the availability of final storage alternatives, and the national policy and strategy for radioactive waste management, as provided by NRWA.

Under the Government Ordinance no. 11/2003, as subsequently amended and supplemented, and the provisions of the Government Decision no. 1080/2007, during operation of the nuclear units, SNN pays to NRWA financial contributions for provision of the necessary resources for the decommissioning of the nuclear units and for the storage of the waste produced in its own activity, into specific accounts; for Units 1 and 2 of Cernavoda NPP, there are: A tariff of EUR 1.40/MWh, for provision of the financial resources needed for the final storage of the radioactive waste generated by Cernavoda NPP (Note: In accordance with the medium and long-term National Strategy for the safe management of spent nuclear fuel and radioactive waste - Decision no. 102/2022, the spent nuclear fuel is qualified as high-activity radioactive waste).

The costs of decommissioning of the nuclear power units are estimated in the updates to the initial decommissioning plan operated by Cernavoda NPP according to the requirement of the NCNAC specific regulation, and are covered from the decommissioning fund, according to the legislation regulating the scope of NRWA's duties and powers. The costs related to the safe final storage of the spent nuclear fuel and radioactive waste generated by the activity of Cernavoda NPP must be estimated by NRWA and are covered from the fund intended for the final storage of radioactive waste, according to the legislation regulating the scope of NRWA's duties and powers. Both funds are managed by NRWA, according to the legislation regulating the scope of NRWA's duties and powers.

1.8 HOW DECOMMISSIONING IS ADDRESSED IN THE MANAGEMENT SYSTEM

Waste management during the decommissioning phase of Cernavoda NPP is described in the Preliminary Decommissioning Plan. Since the waste acceptance criteria (WAC) have not yet been defined, the processing (including minimization of the waste amount) and disposal (including recycling) options have been developed relying on the international experience. In Romania, NRWA is the competent national authority that provides national coordination of the management process of the spent nuclear fuel and radioactive waste, including final disposal, as set out in the Government Ordinance no. 11/2003. Under this Government Emergency Ordinance, a tariff of EUR 0.60/MWh was set to ensure the financial resources needed for the decommissioning of each nuclear power unit;

NRWA is responsible for the final disposal of the radioactive waste generated in Romania by making available the national waste disposal facilities. There is a fund managed by NRWA for the management and disposal of radioactive waste, with contributions established on an EUR/MW hour basis by waste generators. This will be used for construction and management of the national waste disposal facilities.

The legislative requirements and regulations applied in preparation of the Preliminary Decommissioning Plan will be updated accordingly in its future revisions.

Waste management in the decommissioning stage of Cernavoda NPP will comply with the fundamentals of the Order no. 56/2004, based on the IAEA Safety Series 111-F. Additionally, the decommissioning activities will have to observe the principles set out in the European Commission Directive on the management of spent fuel and radioactive waste.

The national policy for radioactive waste management is aligned with the international requirements, as provided in Law no. 105/1999. The overall objective of the waste management policy in Romania is to ensure a safe management of radioactive waste.

The key aspects of the radioactive waste management policy are:

- radioactive waste management, including their transport, will be authorized and performed according to the requirements of the existing laws and regulations;
- the permit holder is responsible for the management of radioactive waste generated during operation and decommissioning of the nuclear facilities they are responsible for, until its final disposal;
- the spent fuel produced by the nuclear power plant will not be reprocessed.

1.9 CONTINUOUS IMPROVEMENT TO REACH THE HIGHEST STANDARDS

In order to measure and monitor the performance of the Integrated Management System implemented by Cernavoda NPP, a set of performance indicators is used, monitored and reported on to the power plant management. The set performance indicators provide information about the operation of the IMS processes in the power plant and allow benchmarking the power plant's performance against other nuclear power plants.

The self-assessment process is a sub-process of the assessment process, and is organized based on the WANO and OSART assessment processes. The reviews of the set performance criteria provide an image of the performance of the IMS processes in Cernavoda NPP, and identify the activity areas where additional efforts are needed to improve performance.

Regularly, the Integrated Management System of Cernavoda NPP is assessed by external organizations to check whether Cernavoda NPP complies with the requirements of the laws applicable to the nuclear field or with the standards that Cernavoda NPP has voluntarily adhered to and for which it applied for certification by independent organizations.

Regularly, the performance of Cernavoda NPP is assessed by international organizations acting in the nuclear field (WANO/ INPO - Peer Review, or IAEA-OSART). These activities are arranged by the Performance Improvement Service of DSN-AIP, according to the requirements of the assessment process procedures described in RD-01364-Q006.

The unique Report Card of SNN was built on the SNN's values in order to obtain an overview of the SNN's activity, on a monthly basis, for the purpose of monitoring the performance of SNN SA. The Report Card is used to set and monitor the essential performance indicators, which provide an overview of the Company's evolution and attainment of the set objectives. The indicators included in the Report Card were allocated to 5 categories linked with SNN's values,

and reflect the different areas of activity (functional areas) at organization level considered important by both the management and the employees.

Similarly, the performance of Cernavoda NPP is monitored monthly under the Cernavoda NPP's Report Card. The monitoring of the Report Card indicator status and the monthly reporting of the trends observed are discussed in MRM meetings at the plant, are published on the Intranet page of Cernavoda NPP and are disseminated to the power plant's staff in Newsletters.

[Innovative environmental protection projects](#)

Tritium Removal Facility Project (CTRF) - 194 million EURO

The project is part of SNN's portfolio of initiatives aimed at the consistent implementation of the Company's general policy, i.e. the concern for maintaining nuclear safety at the highest standards, and the reduction of both radiological risks for its own staff and the public, as well as the impact on the environment. The project represents a high level concretization of the continuous concerns to improve the performance of the Cernavodă NPP, having a positive impact on the staff and leading to a reduction of tritium discharges into water and air, with a positive impact on the protection of the population and the environment.

The implementation of the project will allow, by extracting tritium from heavy water and storing it in a safe form in a dedicated facility, the exclusion of tritiated heavy water from the radioactive waste category, thus significantly reducing the amount of radioactive waste remaining to be managed at the end of the operational lifetime of the two reactors.

The project is based on an implementation strategy, updated by SNN in 2018, based on the Feasibility Study, approved by Resolution no. 9/22.08.2018 of the Extraordinary General Meeting of Shareholders.

The project involves the completion of the plant design (detail design), construction of the debottlenecking plant, testing and verification for commissioning, a trial operation period of 6 months, followed by the entry of the plant into commercial operation, planned for 2026.

The realisation of the CTRF will have a positive impact because by removing tritium from the moderator and reactor coolant, it will contribute to reducing tritium discharges to the environment and allow heavy water to be reused indefinitely without becoming radioactive waste. Tritium recovered from the coolant and moderator will be processed and stored under stable conditions for further use. In addition, the CTRF will lead to:

- reduced risks of generating radioactive effluents and tritium emissions into the environment
- minimisation of tritium concentrations in radioactive waste generated in the nuclear systems using heavy water at the Cernavoda NPP.

[Partnerships to reduce carbon footprint](#)

SN Nuclearelectrica SA signed the Memorandum of Understanding (MoU) between RoPower Nuclear SA, the newly established project company for the implementation of Small Modular Reactors (SMR), and Donalam SRL, part of AFV Beltrame Group, a leading European steel producer, at the IAEA Atoms for Climate pavilion at COP 27.

The objective of the Memorandum of Understanding is to explore cooperation and investment opportunities to support the development of the first SMR project in Romania, which could also have a great impact in the realisation of green steel production in Romania. On the same

occasion, the two companies joined the United Nations 24/7 Carbon Free Energy Compact, committing to the UN 24/7 principles in support of the UN's goal to accelerate the electricity system, mitigate climate change and ensure access to affordable, clean energy. By joining the UN 24/7 Carbon-free Energy Compact, Nuclearelectrica and AFV Beltrame become members of a global community of organisations working together to develop solutions that enable 24/7 access to carbon-free energy.

Nuclearelectrica is committed to implementing Europe's first small modular reactor project, alongside the Unit 1 refurbishment project and the Cernavoda Units 3&4 project, to the highest standards of nuclear safety and environmental sustainability. The expansion of nuclear capacity aims to support Romania's and the region's energy security, energy independence and decarbonisation objectives. Donalam SRL, part of the AFV Beltrame Group, one of Europe's leading steel producers, shares the same commitment to sustainability and understands the role of nuclear power produced by SMR in achieving international climate change targets while ensuring energy security with a clean, stable, affordable and resilient energy source. We are confident that our example shows ways to advance the goals of the Paris Agreement, inspire other industry action, encourage global and European environmental policy and both government and private industry financial support for companies with sound economic and environmental strategies derived from a sustainable approach.

32.1 COMMITMENTS AND ORGANIZATIONAL POLICIES

32.1.1 Environmental protection commitment

The mission of NFP is to manufacture CANDU-6 type nuclear fuel bundles under maximum safety, economic efficiency, and care for people and the environment, by complying with the legal and regulatory requirements applicable to nuclear activities, environmental protection, and occupational health and safety.

NFP pays a special attention to identification of the needs and expectations of its clients and other stakeholders, in order to provide high-quality products and services that allow maintenance of the technical and economic competitiveness.

As to environmental protection, NFP Pitesti supports the rational use of energy and natural resources, striking a balance between environment, energy and economy.

This commitment translates into:

- ❖ integration of the sustainable development concept into projects and investments;
- ❖ observance of the environmental legislation and agreements;
- ❖ continuous improvement of environmental performance.

Environmental protection in NFP Pitesti was and continues to be a permanent and responsible concern of the entire staff. NFP Pitesti has devised and put in place specific requirements to mitigate the environmental impact resulting from its activities.

The environmental protection activity is carried out in compliance with the provisions of the Environmental Permit issued under the Government Decision no. 24/2019, the requirements for air quality protection, water quality protection, waste management, noise, etc.

32.1.2 Internal and external communications on environmental management matters

In NFP, the NFP management have defined and put in place a communication process that allows:

- 1⁰ submission of the information needed for a correct and effective performance of activities and decisions-making process;
- 2⁰ communication in the NFP between the management and the policy implementation staff of the nuclear safety, quality, radiological safety, environment, health and safety at work, physical protection and classified information, cyber security, etc. objectives and their progress;
- 3⁰ receiving, documenting and transmitting answers to the relevant requests of the external stakeholders;

4⁰ staff involvement and consultation in identification of issues and problems related to occupational health and safety, and consultation of contractors when there are changes that affect their health.

The communication process works as follows:

- a) controlled dissemination to heads of departments of all the information needed to define the policy, strategies and objectives;
- b) controlled dissemination to heads of departments of the Integrated Management System documents;
- c) communication by the head of department, in each workplace, of the specific responsibilities and requirements stemming from the Integrated Management System documents, as well as of the objectives of the NFP subunit and specific to each department;
- d) regular operational meetings held on specific topics;
- e) displaying the general and specific objectives on the general notice board and/or on the boards placed in each work area;
- f) regular transmission of reports on the quality trend on the INTRANET; the report is sent by DMC to the CEO, chief engineers and heads of sections and services;
- g) regular delivery of training/awareness raising actions related to nuclear safety, quality, environment, occupational health and safety, physical and information protection, radiological safety and nuclear safeguards, and cyber security.

Across the organization, the internal and external communication process related to environmental management is detailed in the specific procedure *CN-MM-04 – Internal and External Communication related to the Environment*. Internal communication ensures provision of relevant information about the environmental management system, to environmental matters with significant impact, environmental performance, compliance obligations and recommendations for continuous improvement, in order to effectively implement its requirements.

External communication with the regulatory and inspection bodies, as well as with stakeholders (public, NGOs, media, etc.) on the environmental impact of the NFP's specific activities takes place via SNN - Executive or the NFP Manager, subject to approval by the CEO of SNN - SA.

32.1.3 Identification of the products, activities and services that have a significant impact on the environment

In NFP Pitesti, identification of the products, activities and services that have or may have a significant impact on the environment follows an environmental analysis. This is an initial analysis of the environmental matters which arise from the activities carried out in the NFP, their impact on the environment and the environmental performance.

The Environmental Analysis implies identification of the environmental matters, determination and assessment of the nature of the impact (direct, indirect, secondary, cumulative, short-term, medium-term or long-term, permanent or temporary, positive or negative), and the necessary measures to remove or minimize any potential adverse effect on the environment.

The specific activities carried out in NFP Pitesti include:

- operation of the NFP plants and equipment;
- maintenance and repair activities;
- material storage and transfer/transport;
- procurement of services/products/works;
- support and ancillary activities.

The environmental analysis involves the in-depth analysis of the following elements stemming from the specific activities of NFP Pitesti:

- direct and indirect environmental matters;
- environmental impact;
- environmental performance.

The environmental analysis in NFP goes through the following stages:

- identification of the direct and indirect environmental matters related to all NFP activities, taking into account the lifecycle perspective of the nuclear fuel bundle and its impacts on the environment (actual and potential, beneficial and harmful);
- definition of criteria for assessment of the importance of environmental matters, and identification of those environmental matters with a significant impact on the environment;
- in-depth analysis of the environmental performance stemming from the specific NFP activities, and the setting of the environmental objectives, indicators and targets take place according to the CN-MM-06 procedure;
- determination of the measures needed to eliminate or minimize any adverse effect on the environment;
- annual review of the adequacy of the list of environmental matters by each head of section/department, directly or through their subordinate staff, and its updating when changes are identified;
- identification of input data and output data in all operating modes (normal, abnormal, or emergency), because these can lead to occurrence of additional environmental matters in an activity.

In identification of the direct environmental matters, the activities are analysed taking into account the following environmental factors: air pollutant emissions, water pollutant emissions, soil and subsoil pollution, soil/subsoil emissions, use of chemicals, resource usage, waste generation, noise generation, heat emissions, radiation, and vibrations.

In identification of the indirect environmental matters, consideration is given to: matters related to the product lifecycle, environmental performances of contractors, subcontractors and suppliers, and the range and nature of the services.

32.1.4 Roles and responsibilities assigned

The Organization and Functioning, the Policy on nuclear safety, quality, protection against ionizing radiation, environment, occupational health and safety, physical protection, control of nuclear safeguards, cyber security and protection of classified information, as well as the NFP Objectives, all highlight the commitment of the management to development and implementation of the Integrated Management System and continuous improvement of its effectiveness.

In order to attain its mission and general objectives, the NFP Pitesti Branch is vested with the necessary authority and responsibility and is organized into directions, departments and units (sections, workshops, services, laboratories, offices, and teams).

NFP organization is structured on 3 levels, namely:

- a) Level 1 (NFP management) - is represented by the Manager of NFP (subordinated to the CEO of SNN SA), chief engineers of departments (Technical and Quality Management), and chief accountant (Finance Department). This level is tasked with definition of the policy on nuclear safety, quality, protection against ionizing radiation, environment, occupational health and safety, physical protection, control of nuclear safeguards, cyber security, and protection of classified information, and arrange and ensure the resources needed for IMS maintenance;
- b) Level 2 is represented by the heads of departments and heads of units (sections, services, offices, laboratories) who are responsible for coordination of the activities in order to attain the objectives;
- c) Level 3 (operational) consists of the operational staff of the sections, services, compartments, teams, laboratories, etc.

The roles and responsibilities are clearly defined in the staff job descriptions. In order to comply with the legislative requirements and for an efficient organization of the activity, owners are appointed by decision to different fields of activity, such as, for instance: The Management Representative for the Integrated Management System, who is responsible for environmental protection, waste management, work with restricted explosives precursors, management of the substances classified as drug precursors, etc.

Under the NFP Policy on nuclear safety, quality, protection against ionizing radiation, environment, occupational safety and health, physical protection, control of nuclear safeguards, cyber security, and protection of classified information, the NFP management have committed to take all necessary measures for the monitoring, assessment and continuous improvement of the environmental performance, pollution prevention, sustainable use of resources and biodiversity conservation.

NFP monitors, measures, analyses and assesses the environmental performance through an annual process that aims to determine the progress in attainment of the environmental objectives and the evolution of the environmental matters with significant impact, taking into account the requirements laid down under the permits issued by NCNAC and the Ministry of Environment, Water and Forests, and under the environmental agreements issued by the National Environmental Protection Agency (NEPA) and Argeş EPA.

The characteristics of activities that can have a significant impact on the environment are monitored and measured regularly, using documented methods and calibrated and checked measurement and monitoring equipment.

The results of the environmental performance analysis and assessment are reported annually to the NFP management in the Environmental Performance Assessment Report of NFP Pitesti and are an input into the review of the effectiveness and efficiency of the Integrated Management System.

The efficiency and effectiveness of the environmental management system, as an integral part of NFP Pitesti's management system, are reviewed annually and are presented in the Environmental Performance Assessment Report of NFP Pitesti.

The Environmental Management System implemented in NFP-Pitesti, as a component part of the Integrated Management System, is certified by SRAC CERT, meaning that compliance with the standard SR EN ISO 14001 "Environmental Management Systems. Requirements with User Guidelines" is certified.

In order to promote the continuous improvement of the environmental performance and make an Environmental Declaration available to the public, NFP Pitesti has implemented a tested environmental management system and holds an Environmental Declaration validated by an environmental reviewer.

Thus, as of 2020, NFP Pitesti has obtained registration in the EU Eco-Management and Audit Scheme (EMAS), according to the provisions the EMAS Regulation (Regulation no. 1221/2009 and Regulation (EU) 2017/1505 on the voluntary participation by organisations in a Community eco-management and audit scheme (EMAS), as subsequently amended and supplemented.

Certification according to the requirements of SR EN ISO 14001:2015 and EMAS registration were obtained for the entire activity carried out in NFP Pitesti, CAEN Code 2446 - Nuclear Fuel Processing.

32.2 ENVIRONMENT POLICY

32.2.1 Management policy

Under the Policy on nuclear safety, quality, protection against ionizing radiation, environment, occupational safety and health, control of nuclear safeguards, cyber security, and protection of classified information, the NFP management have committed to take all necessary measures to:

- Maintain NFP's ability to supply products and provide services that meet the requirements of customers, applicable regulations and stakeholders;
- Increase customer satisfaction through the effective application of the management system, ensuring the nuclear safety of the power plant and achieving a performance rate in the reactor compatible with the global one;
- Define and put in place nuclear safety standards and requirements, and monitor performance across the entire organization;
- Continuously improve of nuclear safety through regular overall assessments, prompt implementation of the identified corrective/preventive and improvement measures;
- Advance, support and strengthen a healthy and effective nuclear safety culture at all levels of the organization's staff and management;
- Identification and provision of the resources needed to attain the set objectives;
- Monitor, assess and continuously improve the environmental performance, pollution prevention, sustainable use of resources and biodiversity conservation;
- Ensure adequate work conditions for performance of the activities through a permanent control of the occupational health and safety risks, including protection against ionizing

radiation and definition of measures to eliminate hazards and prevent occupational injuries and illnesses;

- Ensure the necessary conditions through consultation and participation of workers on matters related to occupational health and safety;
- Ensure physical protection and protection of classified information in accordance with the legal provisions;
- Ensure the nuclear safeguard control in accordance with the legal provisions;
- Protect the systems, components and equipment against cyber threats;
- Ensure an adequate framework for the training and professional development of employees, raise their awareness on the relevance, importance and quality of their own activities and how these contribute to nuclear safety;
- Encourage the staff at all levels to report, without fear of retaliation, any abnormal conditions and non-conformities relevant to nuclear safety and to the quality of the products supplied;
- Ensure the engagement of the entire staff by recognizing their contribution to improvement of the organization's performance;
- Put in place a risk management process, so that the risks related to activities and objectives are identified, assessed and documented, and measures are taken to prevent/minimize their occurrence;
- Comply with the "zero tolerance" principle as to bribery and corruption.

The NFP Manager assumes the responsibility for the development and implementation of an Integrated Management System in accordance with the legal requirements and with the NCNAC Rules for management systems and nuclear safety, that voluntarily integrates the requirements of the management standards SR EN ISO 14001:2015 and SR EN ISO 45001: 2018, including Regulation (EC) no. 1221/2009 of the European Parliament and of the Council of 25 November 2009 on the voluntary participation by organisations in a Community eco-management and audit scheme (EMAS), the Commission Regulation (EU) 2017/1505 of 28 August 2017, and the Commission Regulation no. 2018/2026 of 19 December 2018.

The management of NFP Pitesti, at all levels, are directly responsible for implementation of the requirements of the Management System and its continuous improvement.

Management responsibility

Management proves leadership of, and commitment to, the integrated management system by:

- assuming the responsibility for development, implementation and effectiveness of the management system;
- defining a nuclear safeguard and maintaining the NFP policy and objectives related to nuclear safety, quality, protection against ionizing radiation, environment, occupational health and safety, physical protection, control of nuclear safeguards, cyber security, and protection of classified information, in accordance with the context and strategic direction of SNN SA;
- raising awareness, motivation and engagement of all staff to make a contribution to the effectiveness of the management system;
- advancing a process-based approach and a risk-based thinking;
- ensuring that the necessary resources are available;

- communicating the importance of an effective management and of the compliance with the requirements of the management system;
- regularly reviewing the integrated management system and devising measures to promote continuous improvement.

The Organization and Functioning, the Policy on nuclear safety, quality, protection against ionizing radiation, environment, occupational health and safety, physical protection, control of nuclear safeguards, cyber security and protection of classified information, as well as the NFP Objectives, all highlight the commitment of the management to development and implementation of the IMS, and continuous improvement of its effectiveness.

NFP Pitesti is committed to achieve and prove sustainable performance in environmental protection, through good management of the activities/processes and products that can have a significant impact on the environment.

The management of NFP promote application of the environmental management system's requirements, are actively involved in implementation and continuous improvement of the environmental performance, and ensures the availability of the needed resources.

The policy on nuclear safety, quality, protection against ionizing radiation, environment, occupational health and safety, physical protection, control of nuclear safeguards, cyber security, and protection of classified information assumed by the NFP Manager is compatible with the strategic direction and context of the organization, is communicated to employees and is made available to the interested parties, and provides the framework for the setting of the environmental objectives, and is revisited whenever necessary.

Development and implementation of the Environmental Management in NFP involves:

- Planning implementation of the environmental requirements in development of programmes and processes;
- On-going assessment of the compliance obligations;
- Regular management reviews of the effectiveness and efficiency of the Integrated Management System.

32.2.2 Pollution prevention policy

The mission of NFP is to manufacture CANDU-6 type nuclear fuel bundles under maximum safety, economic efficiency, and care for people and the environment, by complying with the legal and regulatory requirements applicable to nuclear activities, environmental protection, and occupational health and safety.

In NFP, an integrated policy declaration is defined and documented in the "NFP Policy on nuclear safety, quality, protection against ionizing radiation, environment, occupational health and safety, physical protection, control of nuclear safeguards, cyber security, and protection of classified information", document code DMC 71/02.03.2022, assumed by the NFP Manager and covering all component parts of the management system, including the environmental management components and the commitment to continuous improvement of the environmental performance (EMAS additional requirement). The policy also contains the NFP Manager's commitment to ensure compliance with the legal and regulatory requirements, as well as with the requirements

voluntarily adopted: standards ISO 14001:2015 and ISO 45001:2018, and the EMAS Regulation (Regulation no. 1221/2009 and Regulation (EU) 2017/1505).

Under the *Policy on nuclear safety, quality, protection against ionizing radiation, environment, occupational safety and health, control of nuclear guarantees, cyber security, and protection of classified information*, the NFP Pitesti's management have committed to take all necessary measures to prevent pollution, reduce pollution and ensure continuous improvement.

NFP Pitesti is permanently concerned about pollution reduction, the amount of waste generated and the use of resources.

For example:

- high-efficiency HEPA 13 particle retention filters are used to reduce pollution in the ventilation unit, with a retention rate of 99.95%.
- For a rational use of resources, where this was possible, water recirculation systems were put into service, lighting sensors were fitted, sanitary groups were equipped with automatic taps, all water routes were checked to remedy potential losses, and the staff was delivered regular training of the rational use of resources.
- In 2022, the NPP ran an analysis on the possibility of returning the chemical packaging to suppliers for reuse.

32.3 WASTE POLICY

The Environmental Declaration contains the message the NFP Manager which confirms the management's commitment to a responsible performance of the duties to the environment and society, harmonization of the business objectives with the environmental targets in order to ensure sustainable development, keeping the impact on the environment as low as possible and the efficient use of resources, performance improvement, transparent communication with all stakeholders, etc.

Under the *Policy on nuclear safety, quality, protection against ionizing radiation, environment, occupational safety and health, control of nuclear guarantees, cyber security, and protection of classified information*, the NFP Pitesti's management have committed to take all necessary measures to monitor, assess and continuously improve the environmental performance and prevent pollution. Considering that NFP Pitesti is an EMAS registered organization, a performance indicator was set also in this regard, i.e. reduction of the amount of incinerable solid radioactive waste generated, compared to the production obtained.

32.4 POLICY ON THE USE OF RESOURCES

Under the *Policy on nuclear safety, quality, protection against ionizing radiation, environment, occupational safety and health, control of nuclear guarantees, cyber security, and protection of classified information*, the NFP Pitesti's management have committed to monitor, assess and continuously improve the environmental performance, prevent pollution, sustainably use the resources, and preserve biodiversity.

32.5 COMMITMENT TO MONITORING THE ENVIRONMENTAL FOOTPRINT

32.5.1 Commitment to raising awareness on the environmental matters

NFP Pitesti is involved both in raising the awareness of both its own staff and the external staff of the importance of protecting the environment, providing them with training, identifying the environmental matters that could arise as a result of the activity performed the NFP Pitesti platform, and implicitly keeping them under control so that they do not turn into material environmental issues.

The commitment to compliance with the legal requirements and pollution prevention was included in the Policy on nuclear safety, quality, protection against ionizing radiation, environment, occupational health and safety, physical protection, control of nuclear safeguards, cyber security, and protection of classified information.

32.5.2 Commitment to reporting on the environmental matters

In accordance with the Communication Protocol concluded between NFP Pitesti and Argeş EPA, the first is under the obligation to give notice to the environmental authorities of any environmental issues, potential uncontrolled emissions into the air, or accidental pollution. So far, no events/incidents with an impact on the environment have been recorded.

32.5.3 Training and awareness raising programmes for employees

The staff policy of the NFP management is based on the need to provide the staff with the knowledge and skills that, together with the basic (initial) training and the experience gained, help further develop their competence.

NFP delivers job-related and quality/environmental management and nuclear/radiological safety/occupational health and safety/emergency/physical protection and classified information/cyber security trainings.

Training of the NFP staff and assessment of the effectiveness of this training are carried out based on the planning defined under the NFP Staff Awareness and Training Framework Programme, coded AQ-580, for each of the following areas: quality management system, environment, occupational health and safety, emergencies, radiological safety, nuclear safety, physical protection and protection of classified information, nuclear safeguards, and cyber security.

NFP staff is trained annually on environmental protection according to procedure CN-AC-28 "Staff Training and Qualification". The effectiveness of the awareness-raising and training actions is reviewed according to the requirements of procedure CN-AC-34 "Testing the knowledge acquired by the NFP staff in the awareness-raising and training actions".

Raising the awareness of the staff on environmental protection takes into account the environmental policy, the environmental matters with significant impact, the consequences of non-compliance with the requirements of the environmental management system or the environmental obligations of NFP, as well as the need for an efficient use of energy and resources. The need for external training courses on environmental management is identified under the

Annual Professional Training Plan, in accordance with the requirements of the procedure "Training and Improvement of the NFP Staff", coded CN-AD-60.

The NFP management ensure engagement of the staff (through direct participation and by providing them with information) in the continuous improvement of the environmental performance.

32.6 COMMITMENT TO THE EFFICIENT USE OF RESOURCES AND ENERGY

The most efficient use of resources is a priority, and NFP Pitesti devise performance indicators for two categories of raw materials, UO₂ powder processing yield and the of Zy-4 sheath processing yield.

At the same time, performance indicators were set to reduce of electricity usage by reference to the number of nuclear fuel bundles produced and to reduce of water use by reference to the average headcount:

- Reducing electricity usage by reference to the number of nuclear fuel bundles produced
- Reduction of the water usage by reference to the average headcount

32.7 COMMITMENT TO IMPLEMENTATION OF THE ENVIRONMENTAL MANAGEMENT SYSTEM

In NFP, an Integrated Management System (IMS) has been developed, implemented, monitored and continuously improved, in accordance with Law no. 111/1996 on the safe performance, regulation, authorization and control of nuclear activities, republished, as subsequently amended and supplemented.

IMS ensures identification and integration of all legal requirements and specific regulations applicable to the activities carried out, quality and nuclear safety requirements, environmental protection requirements, occupational health and safety requirements, requirements formally agreed with "stakeholders", financial and economic requirements, and the requirements of the voluntarily adopted standards.

The environmental management system is an integral part of the IMS of NFP Pitesti, and is certified/recertified in accordance with the requirements of the standard SR ISO 14001:2015 - Environmental Management Systems - Requirements with User Guidelines.

The environmental policy is included in the NFP Policy on nuclear safety, quality, protection against ionizing radiation, environment, occupational safety and health, control of nuclear safeguards, cyber security, and protection of classified information, and includes the commitment of the management to implementation and maintenance of an environmental management system.

The annual audits carried out at NFP Pitesti aim to maintain the certification of the Environmental Management System and prove that NFP Pitesti has put in place a functional environmental management system that supports continuous improvement.

NFP Pitesti holds an Environmental Permit issued under the Government Decision no. 24/2019, subject to annual review; the last review took place in 2022 under Decision no. 3/18.01.2022, and is valid for the period 4 February 2022 - 3 February 2023.

Considering the purchase of a zircaloy-4 chipping and briquetting plant, NFP Pitesti has taken the necessary measures to have the Environmental Permit amended so as to cover also for this activity. NFP Pitesti is currently in process of revising the Environmental Permit.

32.8 CONSULTATION OF THE CATEGORIES OF STAKEHOLDERS ON ENVIRONMENTAL MATTERS

Due to the potential effect on NFP's ability to consistently deliver nuclear fuel bundles that meet the customer requirements and the applicable legal and regulatory requirements, NFP determines:

- The stakeholders relevant to the management system;
- The requirements of these relevant stakeholders.

In this regard, the following stakeholders and their expectations from the NFP were identified:

- SNN Headquarters
 - Alignment with the Management Model of SNN SA;
 - Observance of the governance requirements, strategies, management plan and advanced principles;
 - Implementation of the organizational policies of SNN-SA;
 - Observance of the Code of Business Ethics and Conduct;
 - Compliance with requirements of the Collective Bargaining Agreement (CBA), the Internal Regulations (IR), the SNN Organization and Functioning Regulation (ROF), the SNN Management System Manual, coded SNN-MSM-001.
 - Compliance with the Income and Expenditure Budget
- Cernavoda NPP Branch, as main client
 - Observance of the contractual commitments
 - Compliance with the manufacturing and control technology of nuclear fuel bundles;
 - Safe delivery of nuclear fuel bundles

- Ensuring compliance with agreed quality requirements
 - Communication
- Shareholders
 - Attaining a high level of nuclear safety performance;
 - Increasing the turnover and profit
 - Observance of the resolutions of the General Meeting of Shareholders
 - Long-term business viability
- Investors
 - Honesty and transparency to support a decision to invest in the Company's financial instruments;
- RATEN-NRI
 - Compliance with the contractual commitments and concluded agreements
 - Compliance with the measures set out in the Emergency Plan
- Public and local community
 - Safe operation of the plants to protect the population and the environment
 - Involvement in the community as a responsible "citizen".
 - Voluntary environmental commitments
 - Compliance with agreements concluded with the community groups
 - Communication for visibility and credibility
- NFP staff and trade unions
 - Compliance with the organizational requirements according to the CBA, Internal Regulation, and SNN ROF
 - Trust, recognition, and reward to contribute to, and share, the success of the organization
 - Professional development opportunities
 - Workplace safety

- Participation and consultation
 - Adequate working conditions, and a competitive work environment, in observance of the occupational health and safety requirements;
- Regulatory bodies (Ministry of Environment, Water and Forests, National Commission for Nuclear Activities Control, National Environmental Guard, Public Health Directorate, etc.)
 - Compliance with the legal requirements, and the international, national and local laws and regulations;
 - Attainment of a high level of nuclear safety;
 - Communication for visibility and credibility;
- External organizations in the nuclear field
 - Reliable partner
 - Driver in the nuclear industry
 - Compliance with the relevant organizational or industrial standards;
- Government and customers
 - Delivery of nuclear fuel bundles for safe generation and delivery of electricity to the national system;
- Non-Governmental Organizations
 - Communication for visibility and credibility
 - Activity improvement
 - Voluntary practice principles
 - Compliance with the nuclear safety, environment, OSH and Emergency commitments
- Suppliers
 - Mutually beneficial, profitable and safe business relationships
 - Compliance with the contractual commitments (order stability, delivery planning)
- Media

➤ Open, immediate and accurate communication

The stakeholder, and applicable legal and regulatory, requirements are integrated into the IMS processes, activities and documentation, and the set of verification, monitoring and control activities aims not only to meet these requirements, but also to increase stakeholder satisfaction.

❖ Environmental monitoring data at NFP Pitesti

The activities carried out in NFP generate emissions of gaseous effluents loaded with dust, airborne particulate matters with uranium/radioactive aerosols and non-radioactive NO_x, which are carefully monitored and controlled.

- Radioactive pollutants:
 - airborne particulate matters containing uranium/radioactive aerosols – released and monitored via the three dispersion stacks (Stack 1, Stack 2 and Stack 3)

- Non-radioactive pollutants:
 - total particulate matters, nitrogen oxides, hydrochloric acid - released and monitored via the Dispersion Stack no. 1 (NO_x result from the Chemical Analysis Laboratory)
 - total particulate matters, beryllium, acetone, alkyl alcohols - discharged and monitored via the Dispersion Stack no. 2 and the Ventilation System related to Hall IV and Outbuildings
 - airborne beryllium powders/beryllium aerosols – released and monitored via the air ventilation plant related to the beryllium settlement area

○ EMISSIONS

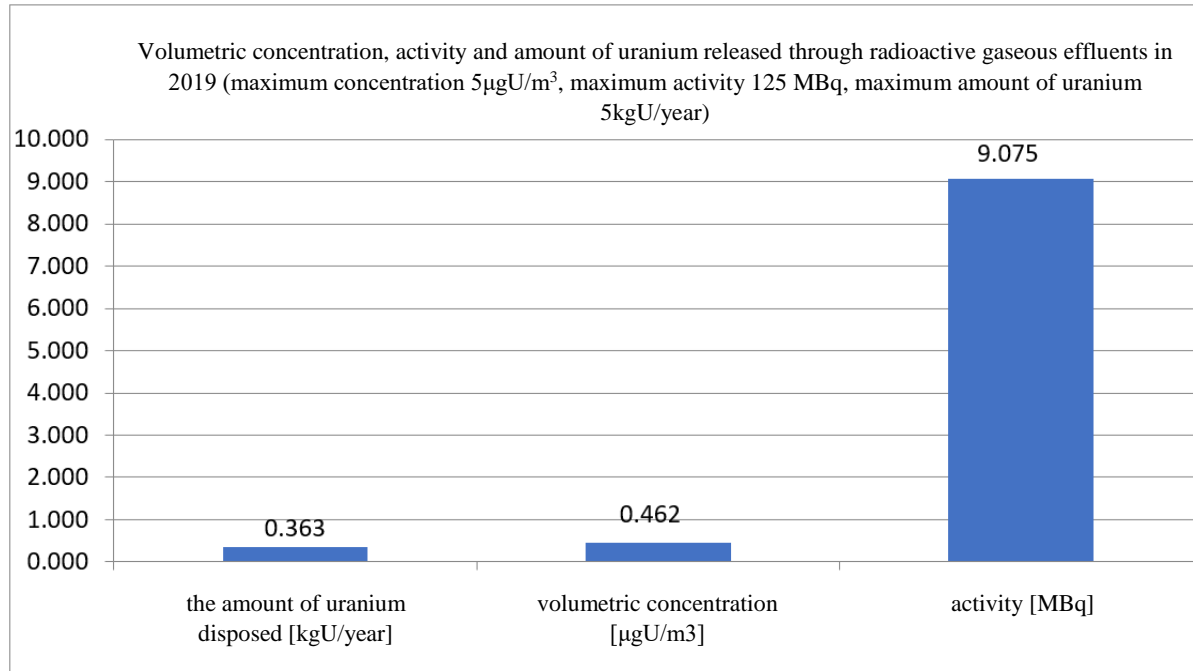
1.9.1 Radioactive emissions

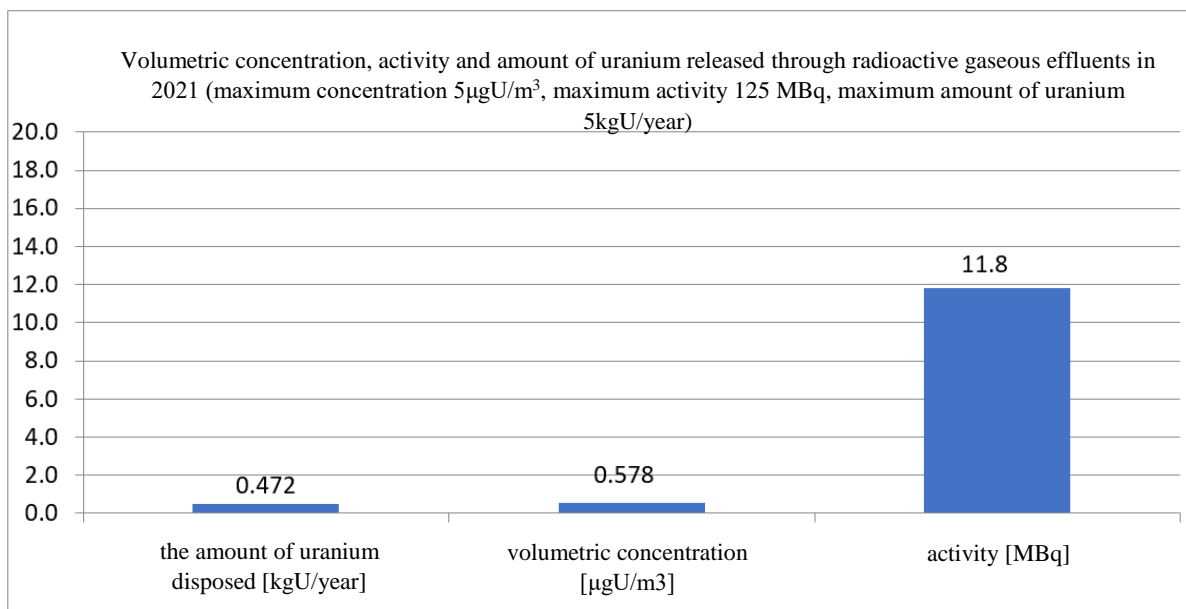
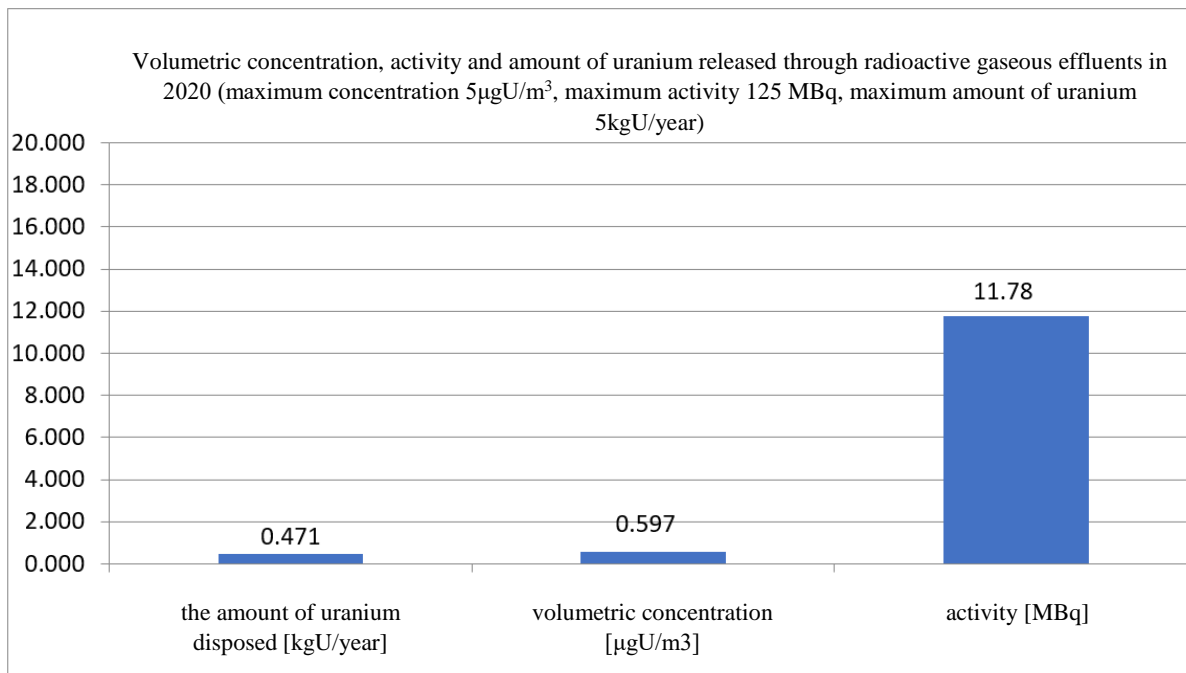
Radioactive pollutants:

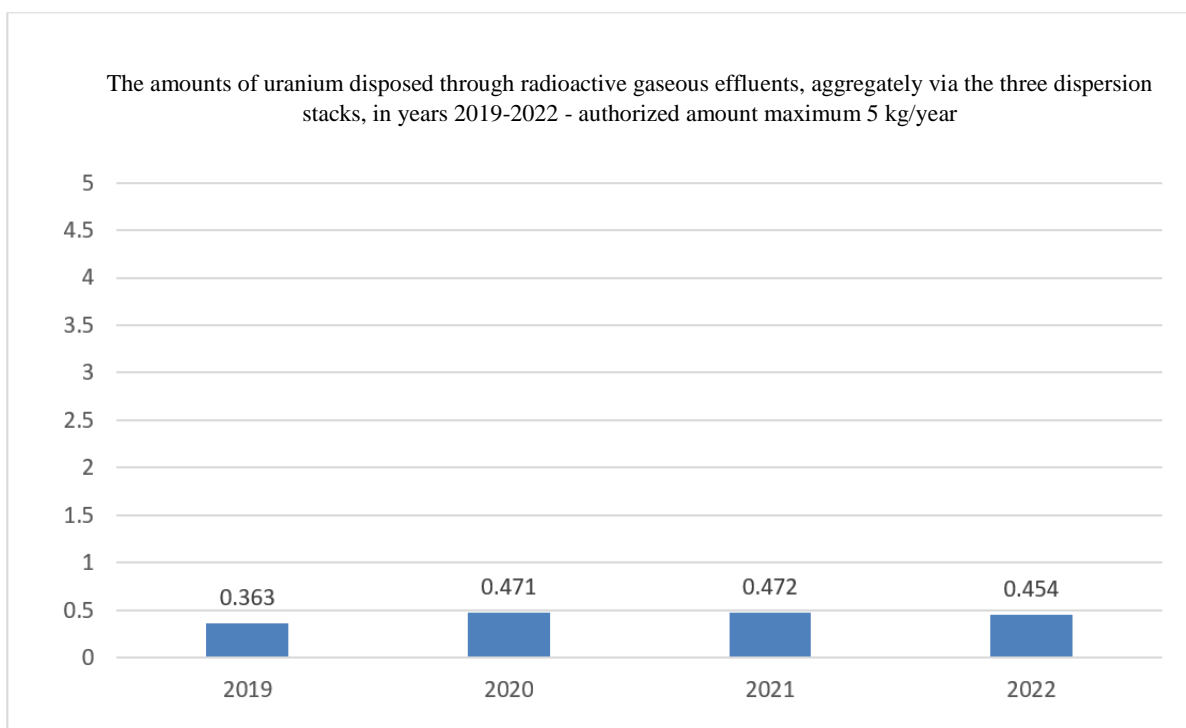
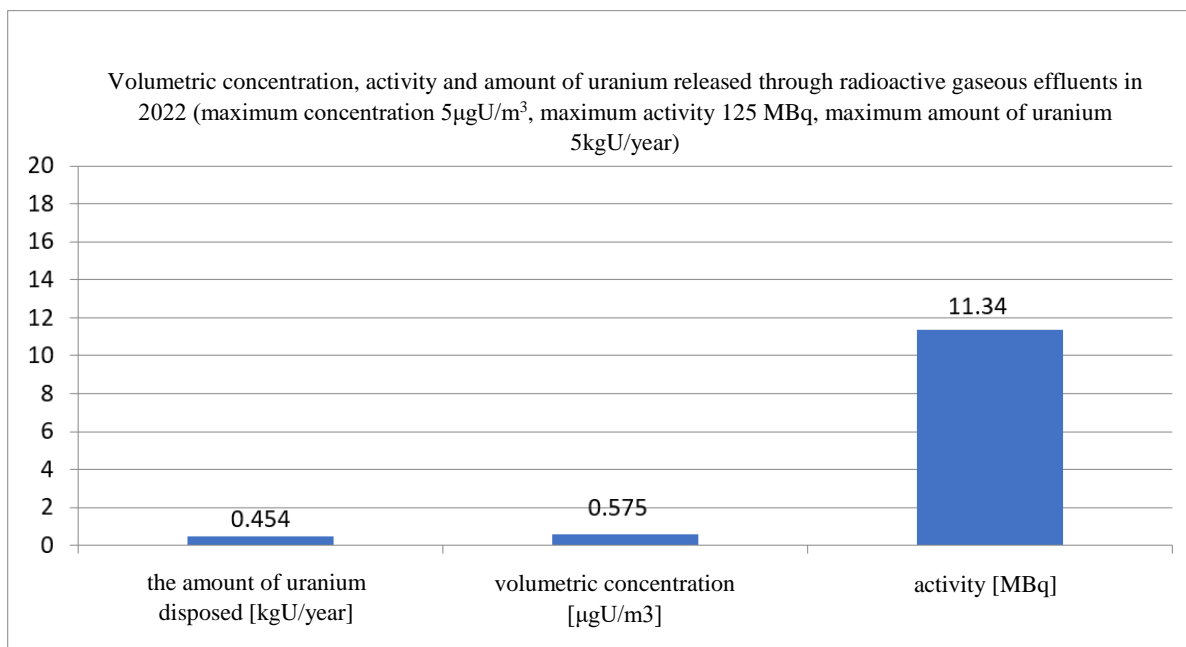
- airborne particulate matters containing uranium/radioactive aerosols – released and monitored via the three dispersion stacks (Stack 1, Stack 2 and Stack 3)

The release of **radioactive gaseous effluents** from the ventilation systems takes place via three dispersion stacks, which are monitored continuously through three Radioactive Gaseous Effluent Monitors.

The charts below show the measured values for years 2019-2022. These were below the limits set out under the operating permits issued by NCNAC, and the Environmental Permit of NFP Pitesti.







Having reviewed the values recorded in years 2019-2022 for the amount of uranium disposed through radioactive gaseous effluents at the three dispersion stacks of NFP Pitesti, it can be concluded that these are much lower compared to the maximum authorized limit of 5 kgU/year, according to the permit for nuclear fuel production issued by NCNAC.

The environmental impact transport or use and disposal of products and services

NFP Pitesti carries out the following types of transport:

- Nuclear fuel bundles to/from Cernavoda NPP (Unit 1 and Unit 2)
- Sinterable UO₂ powder from CNU Feldioara Branch to NFP Pitesti
- Non-compliant nuclear material from NFP Pitesti to CNU Feldioara
- Solid radioactive waste contaminated with natural uranium from NFP Pitesti to CNU Feldioara Branch
- Other transport authorized by NCNAC

The transport of radioactive materials takes place with authorized means of transport, and drivers certified to carry Class 7 hazardous goods.

For each transport of radioactive material, dosimetry measurements are performed both on the means of transport and on the attending staff, according to the Programme for protection against ionizing radiation in transport of radioactive material.

After each transport and transfer of radioactive materials, a report is prepared on how the transport and transfer took place, which is submitted to NCNAC.

- Non-radioactive emissions
- Carbon emissions and their intensity

The activity of NFP Pitesti does not generate any carbon emissions.

Scope 1

Direct emissions coming from the company's activities on site and car fleet - property of the company

Year	Total tons of CO ₂ emitted per year	Tons of CO ₂ emitted by the Car Fleet
2019	0	247
2020	0	154
2021	0	160
2022	0	153

Scope 2

N o.	Ye ar	Consumed quantity [Kwh]	Utility Supplier	Electricity Supplier	Emmission factor (g CO2/k Wh)	Total CO2 (tone CO2)
1	2019	4.846.763,00	ICN Pitesti	Complex Energetic Oltenia	809,19	3.921,95
2	2020	4.746.487,00	ICN Pitesti	CEZ Vanzare	174,96	830,45
3	2021	5.158.779,00	ICN Pitesti	CEZ Vanzare	213,43	1.101,04
4	2022	4.891.371,00	ICN Pitesti	ENEL	174,86	855,31

Scope 3

For emission calculation under Scope 3, in 2023, Nuclearelectrica will initiate consultations with its suppliers in order to support this determination, but also to emphasize the importance of protecting the environment by reducing the carbon footprint.

Non-radioactive pollutants:

- total particulate matters, nitrogen oxides, hydrochloric acid - released and monitored via the Dispersion Stack no. 1 (NOx result from the Chemical Analysis Laboratory)
- total particulate matters, beryllium, acetone, alkyl alcohols - discharged and monitored via the Dispersion Stack no. 2 and the Ventilation System related to Hall IV and Outbuildings
- airborne beryllium powders/beryllium aerosols – released and monitored via the air ventilation plant related to the beryllium work area

NFP monitors the non-radioactive NOx with a half-yearly frequency, according to the legal requirements and the programme provided in the Radiation Safety Manual and reports the monitoring results to the environmental authorities.

The values recorded during the monitored period are far below the legal limits, and so far it has not been deemed necessary to implement a programme to reduce these emissions.

33.1.3.1 NOx emissions

The activities carried out in NFP generate emissions of gaseous effluents loaded with dust, airborne particulate matters with uranium/radioactive aerosols and non-radioactive NOx, as follows:

- Radioactive pollutants:
 - airborne particulate matters containing uranium/radioactive aerosols – via the three dispersion stacks (Stack 1, Stack 2 and Stack 3)
- Non-radioactive pollutants:
 - total particulate matters, nitrogen oxides, hydrochloric acid - via the Dispersion Stack no. 1 (NOx result from the Chemical Analysis Laboratory)
 - total particulate matters, beryllium, acetone, alkyl alcohols - via the Dispersion Stack no. 2
 - airborne beryllium powders/beryllium aerosols – via the air ventilation plant related to the beryllium work area

Determinations of non-radioactive pollutants are carried out every six months by authorized providers, under services contracts. The values recorded for the nitrogen oxides discharged through the stacks of NFP Pitesti, in years 2019-2022, are shown in the tables below; these are far below the limits set out under the legislation in force.

NO ₂ [mg/m ³]	2019		2020		2021		2022	
	Sem. I	Sem. II	Sem. I	Sem. II	Sem. I	Sem. II	Sem. I	Sem. II
	10.25	16.4	22.55	32.8	38.95	55.35	63.55	75.24

	Amount discharged in 2019 [t]	Amount discharged in 2020 [t]	Amount discharged in 2021 [t]	Amount discharged in 2022 [t]
NO ₂	0.2	0.4	0.7	1.09
Maximum permitted limit – 7.8 t/year				

The values measured for nitrogen oxides are below the limit set out under the legislation in force, i.e. 500 mg/m³, according to the *Order of the Ministry of Water, Forests and Environmental Protection no. 462/1993 approving of the technical conditions for atmospheric protection and*

the implementing rules for determination of the emissions of atmospheric pollutants produced by stationary sources.

33.1. 3.2 SOx emissions

There are no emissions of sulphur oxides resulting from the activities carried out by NFP Pitesti.

33.1.3.3 Volatile Organic Compounds

The values recorded for volatile organic compounds (acetone and isopropyl alcohol) released via the dispersion stacks of NFP Pitesti in years 2019-2022 are shown in the tables below; these are far below the limits set out under the legislation in force.

VOC [mg/Nm ³]	2019		2020		2021		2022	
	Sem. I	Sem. II	Sem. I	Sem. II	Sem. I	Sem. II	Sem. I	Sem. II
Acetone [mg/Nm ³]	0.0034	0.0036	0.0022	0.0021	0.0022	0.0022	0.0022	0.0022
Isopropyl alcohol [mg/Nm ³]	0.0034	0.0036	0.0022	0.0021	0.0022	0.0022	0.0022	0.0022

	Amount discharged in 2019 [t/year]	Amount discharged in 2020 [t/year]	Amount discharged in 2021 [t/year]	Amount discharged in 2022 [t/year]
Acetone	0.00002	0.000015	0.000015	0.000015
Maximum permitted limit – 1.0488 t/year				

	Amount discharged in 2019 [t/year]	Amount discharged in 2020 [t/year]	Amount discharged in 2021 [t/year]	Amount discharged in 2022 [t/year]
Isopropyl alcohol	0.000024	0.000015	0.000015	0.000015
Maximum permitted limit – 1.0488 t/year				

	2019		2020		2021		2022	
	Sem. I	Sem. II	Sem. I	Sem. II	Sem. I	Sem. II	Sem. I	Sem. II
Beryllium [mg/Nm ³]	0.00021	0.00018	0.000168	0.00021	0.00018	0.00018	0.00018	0.00018

	Amount discharged in 2019 [t/year]	Amount discharged in 2020 [t/year]	Amount discharged in 2021 [t/year]	Amount discharged in 2022 [t/year]
Beryllium [mg/Nm ³]	0.0000013	0.0000012	0.0000012	0.0000012
Maximum permitted limit – 1.07502 t/year				

The values measured for acetone and isopropyl alcohol are below the limit set out under the legislation in force, i.e. 150 mg/m³ (for both pollutants), according to the *Order of the Ministry of Water, Forests and Environmental Protection no. 462/1993 approving of the technical conditions for atmospheric protection and the implementing rules for determination of the emissions of atmospheric pollutants produced by stationary sources.*

Measurements of non-radioactive pollutants in 2019

Stack no. 1

No.	Pollutant	Measured value sem. I 2019 [mg/Nm ³]	Measured value sem. II 2019 [mg/Nm ³]	MWFEP order no. 462/1993 [VLE, mg/m ³]
1	Particular matters	1.95	2.12	50
2	NO ₂	10.25	16.4	500
3	HCl	3.21	3.53	30

Stack no. 2

No.	Pollutant	Measured value sem. I 2019 [mg/Nm ³]	Measured value sem. II 2019 [mg/Nm ³]	MWFEP order no. 462/1993 [VLE, mg/m ³]
1	Particular matters	1.28	1.59	50
2	Beryllium and its compounds	< 0.00019	<0.00018	0.1
3	Acetone	<0.0034	<0.0036	150
4	Isopropyl alcohol	<0.0034	<0.0036	150

Ventilation exhaustion in beryllium deposit area

No.	Pollutant	M.U.	Measured value sem. I 2019 [mg/Nm ³]	Measured value sem. II 2019 [mg/Nm ³]	MWFEP order no. 462/1993
					VLE, mg/m ³
1	Beryllium	mg/Nmc	< 0.00021	<0.00018	0.1

Measurements of non-radioactive pollutants in 2020**Stack no. 1**

No.	Pollutant	Measured value sem. I 2020 [mg/Nm ³]	Measured value sem. II 2020 [mg/Nm ³]	MWFEP order no. 462/1993 [VLE, mg/m ³]
1	Particular matters	2.3	3.28	50
2	NO ₂	22.55	32.8	500
3	HCl	4.67	5.61	30

Stack no. 2

No.	Pollutant	Measured value sem. I 2020 [mg/Nm ³]	Measured value sem. II 2020 [mg/Nm ³]	MWFEP order no. 462/1993 [VLE, mg/m ³]
1	Particular matters	1.82	2.25	50
2	Beryllium and its compounds	< 0.00018	<0.000175	0.1
3	Acetone	<0.0022	<0.0021	150
4	Isopropyl alcohol	<0.0022	<0.0021	150

Ventilation exhaustion in beryllium deposit area

No.	Pollutant	M.U.	Measured value sem. I 2020 [mg/Nm ³]	Measured value sem. II 2020 [mg/Nm ³]	MWFEP order no. 462/1993
					VLE, mg/m ³
1	Beryllium	mg/Nmc	< 0.00018	<0.000168	0.1

Measurements of non-radioactive pollutants in 2021**Stack no. 1**

No.	Pollutant	Measured value sem. I 2021 [mg/Nm ³]	Measured value sem. II 2021 [mg/Nm ³]	MWFEP order no. 462/1993 [VLE, mg/m ³]
1	Particular matters	2.94	3.23	50
2	NO ₂	38.95	55.35	500
3	HCl	5.33	19.55	30

Stack no. 2

No.	Pollutant	Measured value sem. I 2021 [mg/Nm ³]	Measured value sem. II 2021 [mg/Nm ³]	MWFEP order no. 462/1993 [VLE, mg/m ³]
1	Particular matters	2.21	2.52	50
2	Beryllium and its compounds	< 0.00018	<0.00018	0.1
3	Acetone	<0.0022	<0.0022	150
4	Isopropyl alcohol	<0.0022	<0.0022	150

Ventilation exhaustion in beryllium deposit area

No.	Pollutant	M.U.	Measured value sem. I 2021 [mg/Nm ³]	Measured value sem. II 2021 [mg/Nm ³]	MWFEP order no. 462/1993
					VLE, mg/m ³
1	Beryllium	mg/Nmc	< 0.00018	<0.00018	0.1

Measurements of non-radioactive pollutants in 2022**Stack no. 1**

No.	Pollutant	Measured value sem. I 2022 [mg/Nm ³]	Measured value sem. II 2022 [mg/Nm ³]	MWFEP order no. 462/1993 [VLE, mg/m ³]
1	Particular matters	3.35	3.57	50
2	NO ₂	63.55	75.24	500
3	HCl	17.76	12.56	30

Stack no. 2

No.	Pollutant	Measured value sem. I 2022 [mg/Nm ³]	Measured value sem. II 2022 [mg/Nm ³]	MWFEP order no. 462/1993 [VLE, mg/m ³]
1	Total particulate matters	2.76	3.11	50
2	Beryllium	< 0.00018	< 0.00018	0.1
3	Acetone	< 0.0022	< 0.0022	150
4	Isopropyl alcohol	< 0.0022	< 0.0022	150

Ventilation exhaustion in beryllium deposit area

No.	Pollutant	Measured value sem. I 2022 [mg/Nm ³]	Measured value sem. II 2022 [mg/Nm ³]	MWFEP order no. 462/1993 [VLE, mg/m ³]
1	Beryllium	< 0.00018	< 0.00018	0.1

The concentrations at release of the non-radioactive pollutants must comply with the alert thresholds (ATs) and limit values (LVs) written in the table below, as it follows from the Order of the Minister of Water, Forests and Environmental Protection no. 756/1997 approving approval the Regulation for of environmental pollution assessment, as subsequently amended and supplemented, and the Order of the Minister of Water, Forests and Environmental Protection no. 462/1993 approving the approval of the Technical Conditions for atmosphere protection and the Implementing Rules for determination of atmospheric particulate emissions produced by stationary sources, as subsequently amended and supplemented.

No.	Pollutant	Weight rate (g/h)	Order of the Minister of Water, Forests and Environmental Protection no. 462/1993 (mg/m ³)	
			PA	PI
1	Particular matters	≥ 500	35	50
2	Beryllium and its compounds	≥ 0.5	0.07	0.1
3	NO ₂	≥ 5000	350	500
4	HCl	≥ 300	21	30
5	Acetone	≥ 3000	105	150
6	Isopropyl alcohol	≥ 3000	105	150

Having reviewed the measurement results for non-radioactive NO_x emissions into the atmosphere against the limit values set out in the MEWF Order no. 462/1993 and the MWFEF Order no. 756/1997, it is found that, at NFP Pitesti, the emissions of specific pollutants are far below the limits set out as alarm thresholds/intervention thresholds (ATs/ITs).

Measurements of non-radioactive pollutants in years 2019-2022

Stack no. 1

No.	Pollutant	Measured value 2019 [mg/Nm ³]		Measured value 2020 [mg/Nm ³]		Measured value 2021 [mg/Nm ³]		Measured value 2022 [mg/Nm ³]		MWFEF order no. 462/1993 [VLE, mg/m ³]
		Sem. I	Sem. II	Sem. I	Sem. II	Sem. I	Sem. II	Sem. I	Sem. II	
1	Particular matters	1.95	2.12	2.3	3.28	2.84	3.23	3.35	3.57	50
2	NO ₂	10.25	16.4	22.55	32.8	38.95	55.35	63.55	75.24	500
3	HCl	3.21	3.53	4.67	5.61	5.33	19.55	17.76	12.56	30

Stack no. 2

No.	Pollutant	Measured value 2019 [mg/Nm ³]		Measured value 2020 [mg/Nm ³]		Measured value 2021 [mg/Nm ³]		Measured value 2022 [mg/Nm ³]		MWF EP order no. 462/1993
		Sem. I	Sem. II	Sem. I	Sem. II	Sem. I	Sem. II	Sem. I	Sem. II	

										[VLE, mg/m ³]
1	Total particulate matters	1.28	1.59	1.82	2.25	2.21	2.52	2.76	3.11	50
2	Beryllium	<0.00019	<0.00018	<0.00018	<0.000175	<0.00018	<0.00018	<0.00018	<0.00018	0.1
3	Acetone	<0.0034	<0.0036	<0.0022	<0.0021	<0.0022	<0.0022	<0.0022	<0.0022	150
4	Isopropyl alcohol	<0.0034	<0.0036	<0.0022	<0.0021	<0.0022	<0.0022	<0.0022	<0.0022	150

Ventilation exhaustion in beryllium deposit area

N o.	Pollutant	Measured value 2019 [mg/Nm ³]		Measured value 2020 [mg/Nm ³]		Measured value 2021 [mg/Nm ³]		Measured value 2022 [mg/Nm ³]		MWF EP order no. 462/1993 [VLE, mg/m ³]
		Sem. I	Sem. II	Sem. I	Sem. II	Sem. I	Sem. II	Sem. I	Sem. II	
1	Beryllium	<0.00021	<0.00018	<0.00018	<0.000168	<0.00018	<0.00018	<0.00018	<0.00018	1.1

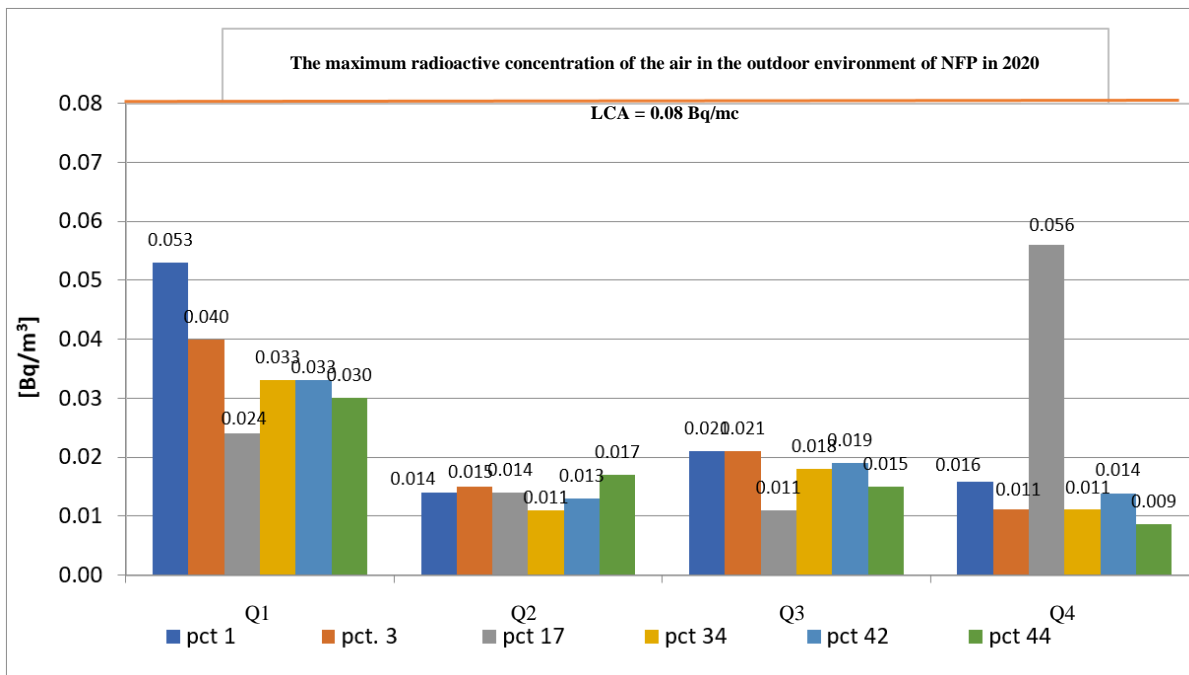
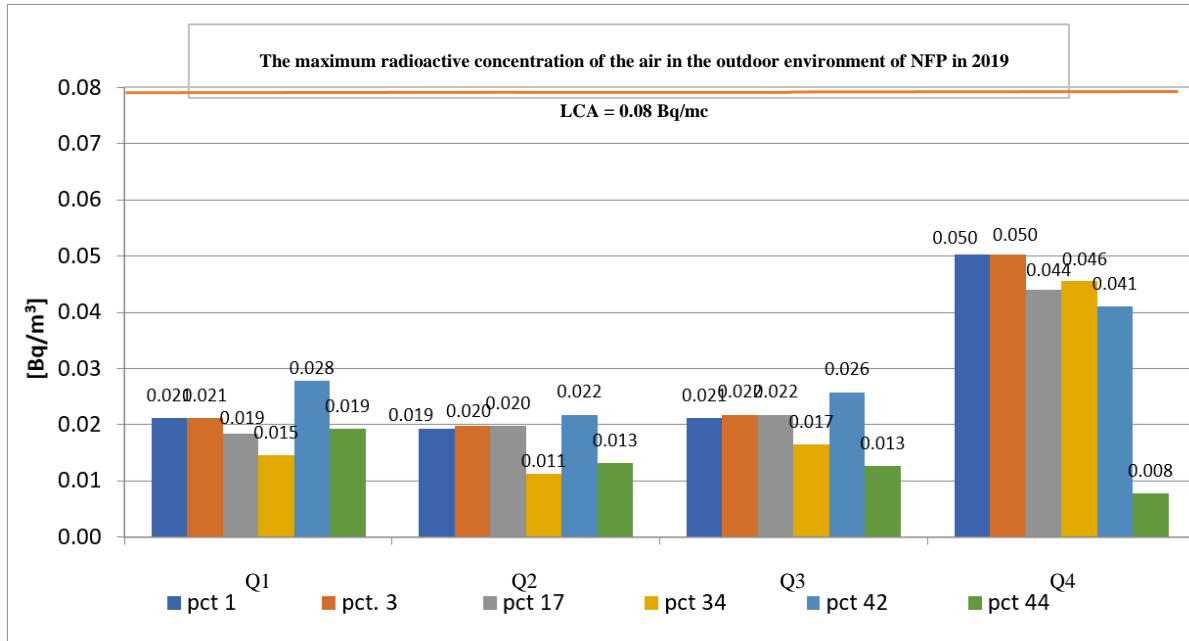
OTHER RELEVANT INFORMATION ABOUT EMISSIONS

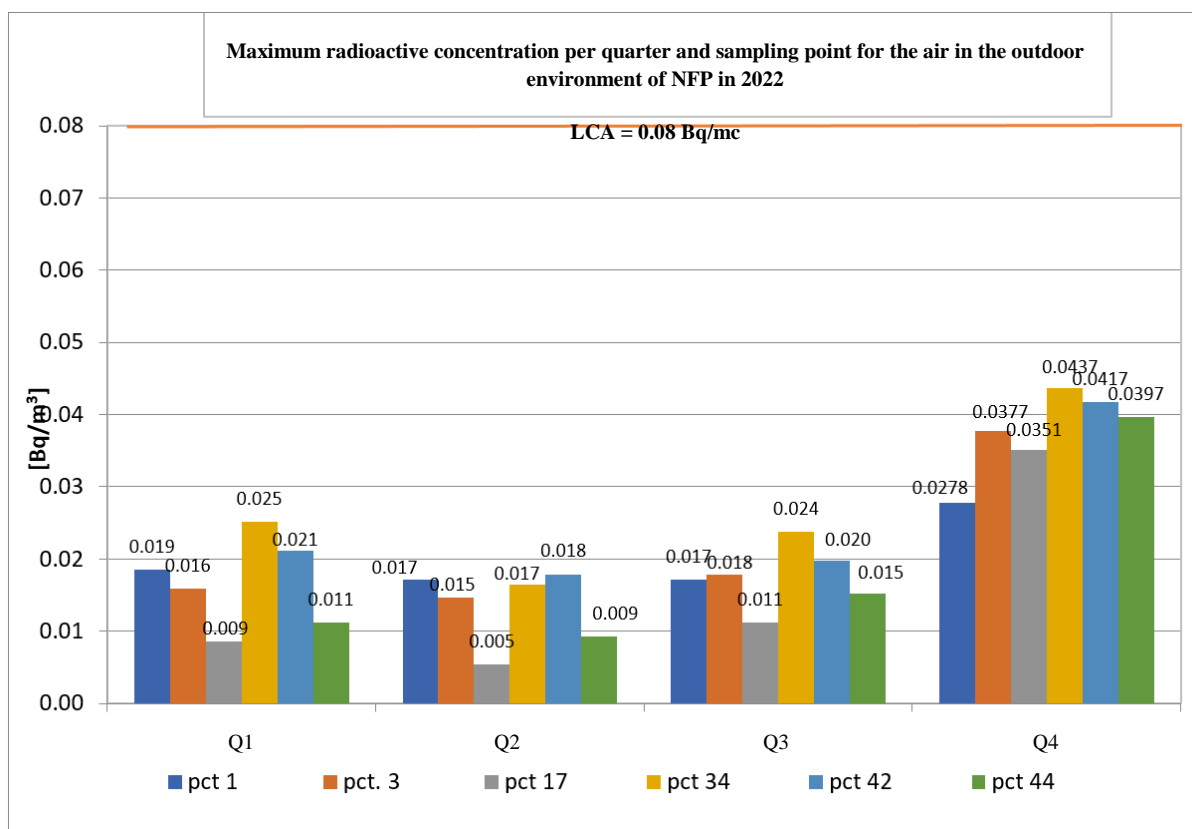
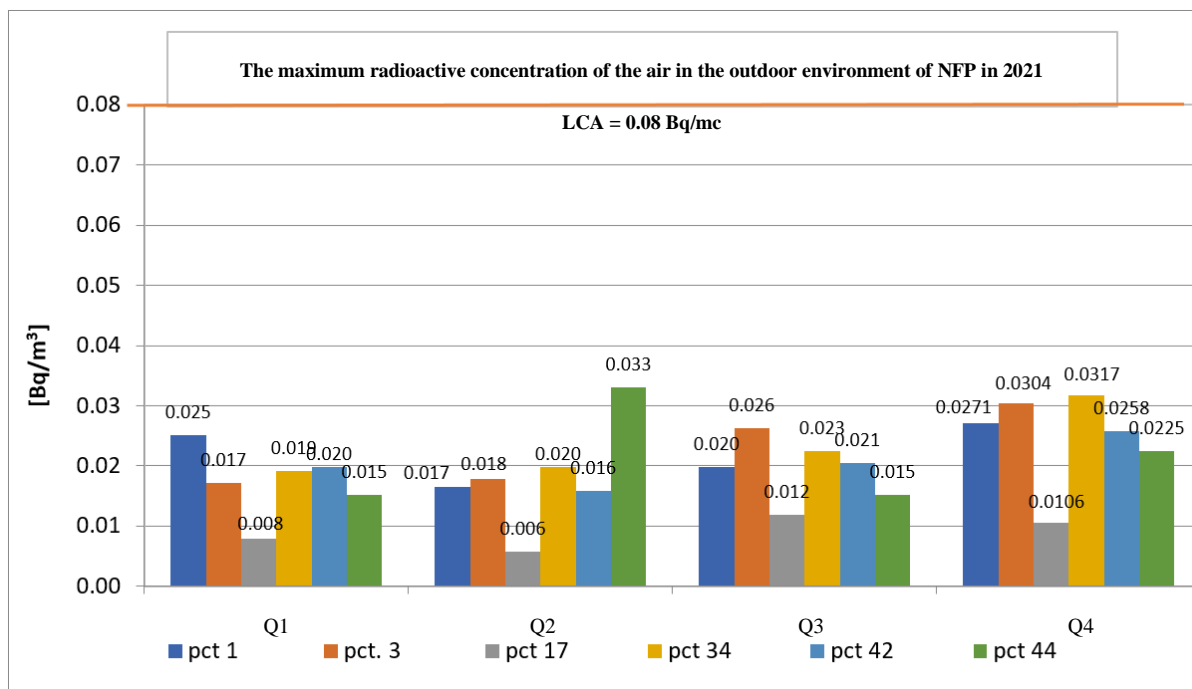
Supervision of outdoor air radioactivity and monitoring concentration of beryllium in the outdoor outside air is done in 7 sampling points connected to the Central Aerosol Sampling System (CASS).

Location of sampling points in the premises of NFP:

- six points for uranium (1, 3, 17, 34, 42 - located outside Halls I, II and III and point 44 located outside the Extension of Hall V - pill loading into sheaths), for which radiometric measurements are performed in the Radiation Protection and Staff Dosimetry Laboratory of NFP.
- one sampling point for beryllium (45) located outside the beryllium work area (Beryllium Settlement Area), for which chemical determinations are carried out in the NFP's Chemical Analysis Laboratory.

The charts below show the measured values for years 2019-2022. These were below the documentary control limits set out in the Radiological Safety Manual.





Monitoring of the beryllium concentration in the outdoor air is carried out monthly with the aid of the Central Aerosol Sampling System, point 45, and the documentary control limit is 0.009 $\mu\text{Be}/\text{m}^3$.

The following table shows the values recorded in years 2019-2021

No.	Month	Measured value 2019 [$\mu\text{gBe}/\text{m}^3$]	Measured value 2020 [$\mu\text{gBe}/\text{m}^3$]	Measured value 2021 [$\mu\text{gBe}/\text{m}^3$]	Measured value 2022 [$\mu\text{gBe}/\text{m}^3$]
1	January	0.00032	0.00094	0.00060	0.00066
2	February	0.00030	0.00030	0.00089	0.00060
3	March	0.00058	0.00031	0.00052	0.00104
4	April	0.00117	*	0.00142	0.00095
5	May	0.00034	0.00086	0.00144	0.00054
6	June	0.00099	0.00052	0.00074	0.00060
7	July	0.00075	0.00032	0.00101	0.00088
8	August	0.00162	0.00062	0.00076	0.00300
9	September	0.00093	0.00190	0.00081	0.00108
10	October	0.00077	0.00029	0.00114	0.00057
11	November	0.00045	0.00055	0.00089	0.00114
12	December	0.00126	0.00046	0.00051	0.00076

**in the period 1 April - 15 May 2020, the activity of NFP Pitesti was planned shutdown due to the COVID-19 pandemic*

1.2 WASTE MANAGEMENT

In the manufacturing, maintenance, technical quality control, supply and transport, radiation protection, environmental protection, medical emergencies, etc. process, a wide range of materials is used, and the activities carried out result into the following categories of waste:

- Radioactive waste contaminated with natural uranium
- Non-radioactive industrial waste
- Waste contaminated with Beryllium (dual-use material) - non-radioactive

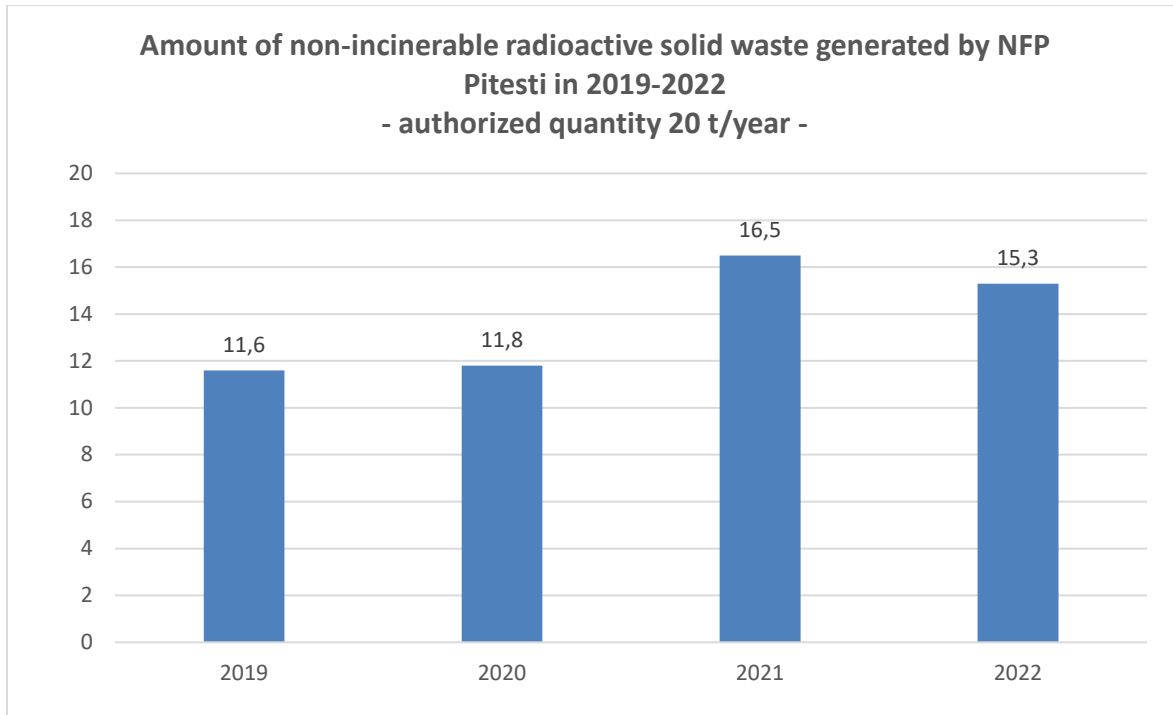
33.3.1 Radioactive waste

NFP Pitesti pays a special attention to the management of radioactive waste resulting from its the activity, and the way this is processed is described in the Radiological Safety Manual, and in specific procedures. All radioactive waste management activities are authorized in advance by NCNAC.

The radioactive waste contaminated with natural uranium, generated in NFP, are:

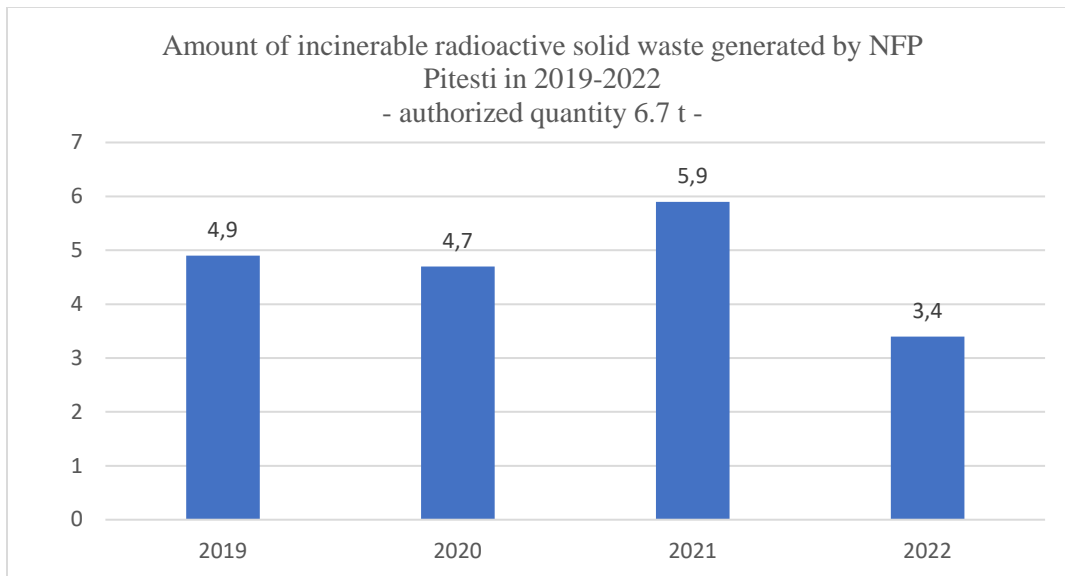
- **non-incinerable radioactive solid waste with low specific activity - NIRSW** (metal objects, pipes, grinding stones, metal parts, subsets, epoxy powder, bricks, cables, debris, etc. - contaminated with natural uranium) that cannot be decontaminated and are of no interest for recovery, and it is temporarily stored on the Solid Radioactive Waste Temporary Storage Platform (TSP) in metal barrels. The waste is then transferred/transported to the Low Activity Solid Waste Final Disposal Landfill of Feldioara, for final storage.

A summary report on the amount of solid radioactive waste with low specific activity that cannot be incinerated, as generated by NFP Pitesti in years 2019-2022, is included in the chart below:

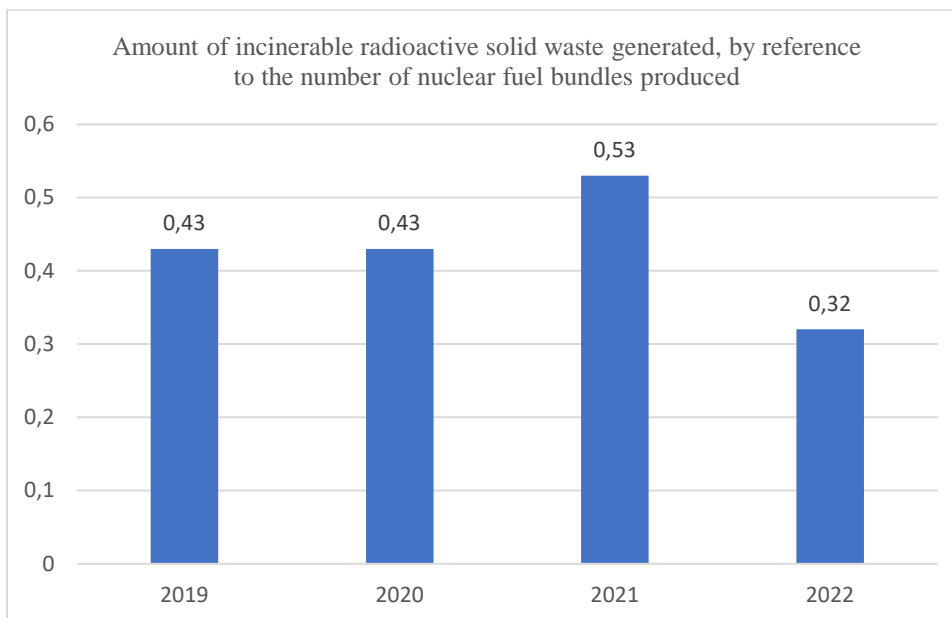


- **incinerable radioactive solid waste low specific activity - IRSW**
(filters/prefilters resulting from ventilation systems, protective equipment, paper, etc. - contaminated with natural uranium) - are temporarily stored on the for Solid Radioactive Waste Temporary Storage Platform (TSP) in metal barrels and/or raffia bags and later are transferred to RWTS-NRI for disposal by incineration and recovery of uranium contained in uranium ash, that is returned of nuclear control safeguards.

A summary report on the amount of incinerable solid radioactive waste with low specific activity, as generated by NFP Pitesti in years 2019-2022, is included in the chart below:

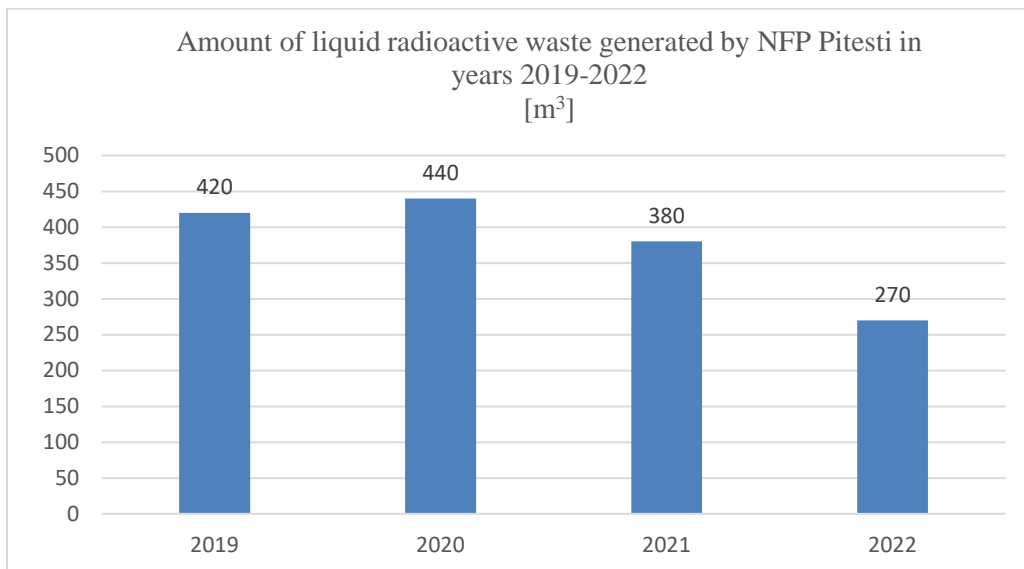


As to the incinerable solid radioactive waste, NFP Pitesti has set the following objective: *minimization of the incinerable solid radioactive waste generation, with a target of “Max 0.56 (the maximum quantity of solid incinerable radioactive waste generated according to the environmental permit is 6.7 tons, compared to the maximum authorized production); the values recorded in the last three years were below the planned target.*



- **radioactive liquid waste** with different concentrations of uranium from the production and quality control activity are collected in stainless steel tanks in the Liquid Radioactive Waste Collection Station of NFP (LRWCS-NFP), and are transferred to the Radioactive Waste Treatment Station of NRI (RWTS-NRI) for the recovery of uranium, from where, through precipitation with trisodium phosphate and ammonia followed by settling, filtering and drying, solid and dry uranyl phosphate is obtained, which is returned to NFP under the nuclear safeguards control.

A summary report on the amount of liquid radioactive waste generated by NFP Pitesti in years 2019-2022 is included in the chart below:



33.3.2 Non-radioactive waste

In the manufacturing, maintenance, technical quality control, supply and transport, radiation protection, environmental protection, medical emergencies, etc. process, a wide range of materials is used, and the activities carried out result, among other types of waste, also into the radioactively non-contaminated non-recyclable waste (e.g. waste hazardous substances/mixtures).

The resulting quantities are reported monthly to Argeş EPA according to the provisions of *the Government Decision no. 856/2002 on the records of waste management and approving the list of waste, including hazardous waste*, indicating the activity which generated this waste.

Waste classified as hazardous - waste marked with (*) - is handed over to economic operators authorized in terms of environmental protection, in compliance with the requirements of the Government Decision no. 1061/2008 *on the transport of hazardous and non-hazardous waste in the territory of Romania*. The amounts of transferred waste are entered into the waste management database of NFP Pitesti.

A summary report on the amounts of non-recyclable waste classified as hazardous, generated in years 2019-2022, is included in the table below:

N o.	Waste code acc. to GD 856/2002*	Types of non-recyclable hazardous waste	2019	2020	2021	2022
1.	12.01.09*	Used halogen-free emulsions and lubricating solutions [t]	5.63	5.33	6.97	3.9
2.	20.01.35*	Retired electrical and electronic equipment, other than those listed under 20.01.21 and 20.01.23, with a content of hazardous components	0.1	0.15	0.8	0.9
3.	20.01.21*	Fluorescent tubes and other mercury-containing waste	0	0.06	0.07	0
4.	13.02.05*	Non-chlorinated mineral motor, transmission and lubrication oils	0.274	0.015	0.012	0.96
5.	13.02.06*	Synthetic motor, transmission and lubrication oils	0.13	0	0.28	0.33
6.	15.01.10*	Packages containing, or contaminated with, dangerous substances	0.5	0	0.4	0.85
7.	07.01.04*	Other organic solvents, washing liquids and Muma solutions	0.4	0.22	0.63	0.44
8.	20.01.33*	Batteries and accumulators	0	0	0	0
9.	16.05.06*	Laboratory chemicals consisting of, or containing, dangerous substances, including mixtures of laboratory chemicals	0.16		0.1	0.6
10	17.04.09*	Metal waste contaminated with dangerous substances	0	0	0	0.1
11	15.02.02*	Absorbent filter materials, polishing materials and protective coating contaminated with dangerous substances	0.1	0	0	0.7

12	06.02.04*	Sodium and potassium hydroxide	0.14	0	0	0.01
13	07.01.04*	Other organic solvents, washing liquids and Muma solutions	0.4	0.22	0.63	0.44

(*) - Waste coding - in accordance with the Commission Decision 2014/955/UE of 18 December 2014 amending Decision 2000/532/EC on the list of waste pursuant to Directive 2008/98/EC of the European Parliament and of the Council

Non-recyclable waste

Another category of non-recyclable waste resulting from the activities carried out in NFP Pitesti is domestic (household) waste and waste from halogen-free emulsions and lubricating solutions

Domestic waste is collected in containers with a volume of 1.1 m³. After the dosimetry control, this is carried to the ramp for the controlled disposal of domestic waste, with the transport provided by the services provider.

Collection of waste emulsions and used lubricating solutions is done in metal barrels, labelled and marked accordingly. These are stored in specially arranged places and later transferred to authorized operators under services contracts.

The resulting quantities are reported monthly to Argeş EPA according to the provisions of *the Government Decision no. 856/2002 on the records of waste management and approving the list of waste, including hazardous waste.*

Summary report on the amounts of non-recyclable waste generated in the years 2019-2022

N o.	Types of non-recyclable waste	Waste code acc. to GD 856/2002*	2019	2020	2021	2022
1.	Mixed domestic waste [t]	20.03.01	13.65	12.59	12.32	15.3
2.	Used halogen-free emulsions and lubricating solutions [t]	12.01.09*	5.63	5.33	6.97	3.9

(*) - Waste coding - in accordance with the Commission Decision 2014/955/UE of 18 December 2014 amending Decision 2000/532/EC on the list of waste pursuant to Directive 2008/98/EC of the European Parliament and of the Council

Recyclable waste

The waste/recyclable-recoverable materials resulting from the activities carried out in NFP are of a number of types:

- a. metal waste (ferrous and non-ferrous);
- b. cellulosic waste (paper and cardboard);
- c. plastic waste (PETs, plastic containers);
- d. glass waste;
- e. wood waste;
- f. waste of neon tubes, lamps and light bulbs.

Collection of waste/recyclable-recoverable materials is done selectively, by type of recyclable waste, according to Law no. 132/30.06.2010 on "Selective collection of waste in public institutions". NFP carries out selective collection of recyclable waste, such as paper, cardboard, glass, plastic and metal in special containers (green, blue and yellow) placed in specially designated points in the premises of NFP.

Waste/recyclable-recoverable materials generated in NFP Pitesti are taken over by authorized operators, under services contracts.

A summary report on the amounts of recyclable-recoverable waste classified as hazardous, generated in years 2019-2022, is included in the table below:

No.	Waste code acc. to GD 856/2002*	Waste name	2019	2020	2021	2022
1	15.01.01	Paper and cardboard packages	2.03	2.23	5.74	4.47
2	20.01.01	Paper and paperboard	1.39	1.8	1.42	0.52
3	17.04.05	Iron and steel	0.48	1.14	5.87	13.1
4	15.01.02	Plastic packages	0.48	0.295	1.13	1.26
5	20.01.39	Plastic waste	2.06	0.85	0.91	0.21
6	15.01.03	Wood packaging waste	0.89	4.78	2.82	2.11
7	20.01.38	Wood, other than under 20.01.37	0	0.09	1.8	1.2
8	20.01.36	Retired electrical and electronic equipment, other than those listed under 20.01.21, 20.01.23, and 20.01.35	0.7	1.1	2	4.25

No.	Waste code acc. to GD 856/2002*	Waste name	2019	2020	2021	2022
9	20.01.35*	Retired electrical and electronic equipment, other than those listed under 20.01.21 and 20.01.23, with a content of hazardous components	0.1	0.15	0.8	0.9
10	20.01.21*	Fluorescent tubes and other mercury-containing waste	0	0.06	0.07	0
11	17.04.11	Metal waste - cables	0	0	0.13	0.34
12	17.04.02	Aluminium waste	0	0	0.3	1.32
13	17.04.01	Copper waste	0	0	1.5	0.34
14	15.01.04	Metallic packaging waste	0	0	0.03	0.005
15	15.02.03	Absorbent filter materials, polishing materials and protective coating	0	0	0.3	0.73
16	13.02.05*	Non-chlorinated mineral motor, transmission and lubrication oils	0.274	0.015	0.012	0.96
17	13.02.06*	Synthetic motor, transmission and lubrication oils	0.13	0	0.28	0.33
18	15.01.10*	Packages containing, or contaminated with, dangerous substances	0.5	0	0.4	0.85
19	12.01.17	Sandblasting material waste, other than under 12.01.16	0.234	0.035	0.08	0.08
20	07.01.04*	Other organic solvents, washing liquids and Muma solutions	0.4	0.22	0.63	0.44
21	20.01.33*	Batteries and accumulators	0	0	0	0
22	16.05.06*	Laboratory chemicals consisting of, or containing, dangerous substances, including mixtures of laboratory chemicals	0.16		0.1	0.6
23	17.04.09*	Metal waste contaminated with dangerous substances	0	0	0	0.1

No.	Waste code acc. to GD 856/2002*	Waste name	2019	2020	2021	2022
24	15.02.02*	Absorbent filter materials, polishing materials and protective coating contaminated with dangerous substances	0.1	0	0	0.7
25	06.02.04*	Sodium and potassium hydroxide	0.14	0	0	0.01

(*) - Waste coding - in accordance with the Commission Decision 2014/955/UE of 18 December 2014 amending Decision 2000/532/EC on the list of waste pursuant to Directive 2008/98/EC of the European Parliament and of the Council

Selective collection is part of the recycling process, whereby recyclable materials are collected and carried to recycling centers. The recycling process involves composting of waste, and separate collection and treatment of waste for their reintroduction in the economic circuit. Selective collection aims to protect the environment. It also helps increase efficiency in the use of resources.

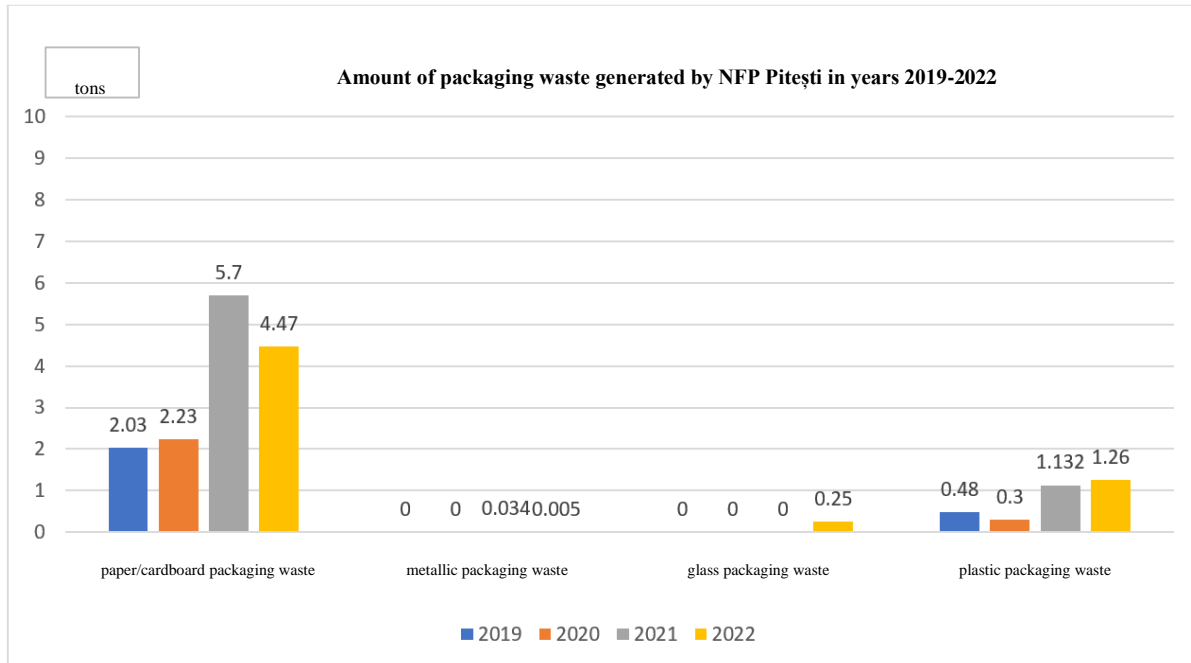
In NFP Pitesti, waste collection is carried out selectively, by type of waste, thus making it easier to classify and hand it over to authorized companies under services contracts.

In order to comply with the requirements of Law no. 132/2010 in NFP Pitesti, selective collection of waste was made mandatory for the following materials: paper, plastic, metal, glass.



In this regard, bins were purchased for collection of these types of waste, and were placed in as many places as possible.

A summary report on the amount of non-radioactive industrial waste falling under the scope of Law no. 132/2010, generated by NFP Pitesti in years 2019-2022, is included in the chart below.



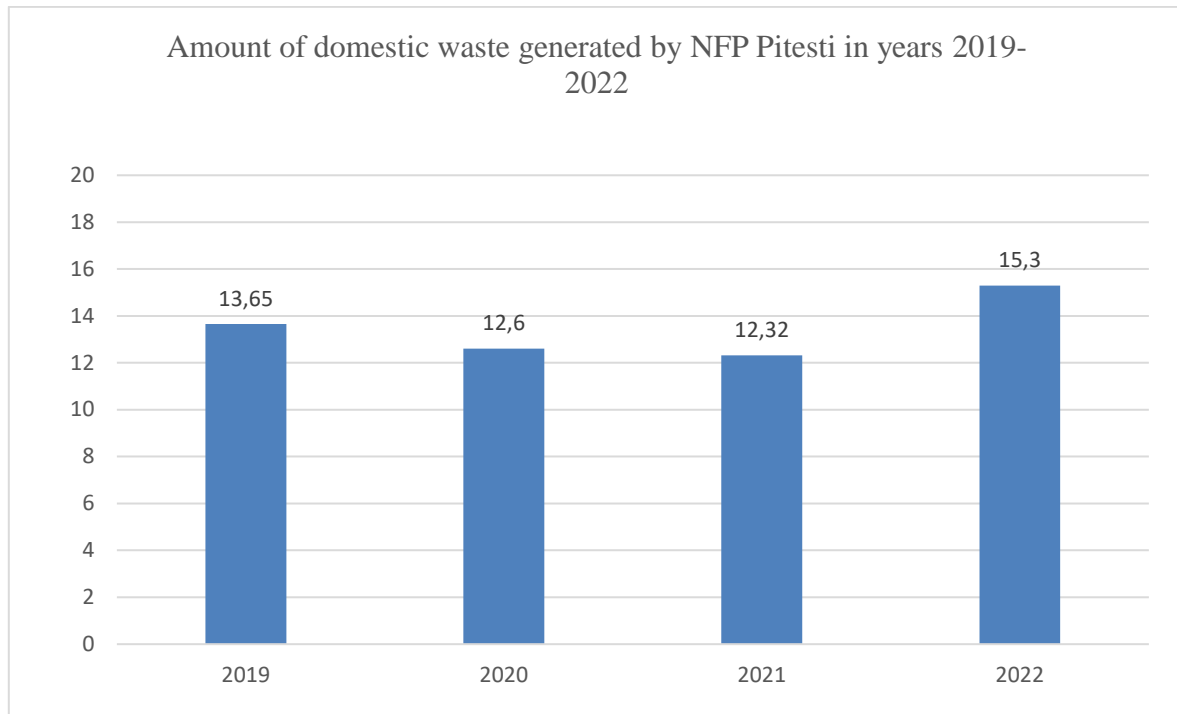
In addition to the above, other types of recyclable waste are also generated in NFP Pitesti, namely paper and cardboard waste, plastic material waste, metal waste, etc.

A summary report on the amount of such waste generated by NFP Pitesti in years 2019-2022, is included in the chart below:

Waste name	Amount generated [t]			
	2019	2020	2021	2022
Paper and paperboard waste	1.39	1.8	1.421	0.52
Metal waste	0.48	1.14	5.87	13.1
Metal waste - cables	0	0	0.13	0.34
Ferrous sawdust	0	0	0	0.05
Aluminium waste	0	0	0.3	1.32
Copper waste	0	0	1.5	0.34
Plastic waste	2.06	0.85	0.912	0.21
Wood waste	0	0.09	1.8	1.2
Electrical and electronic equipment waste	0.7	1.1	2	4.25

Another category of waste generated within NFP is the **domestic waste**, which is collected separately from recyclable/recoverable waste, in marked and imprinted containers intended for these types of waste.

A summary report on the amount of domestic waste generated by NFP Pitesti in years 2019-2022 is included in the chart below:



33.3.3 Waste contaminated with Beryllium (dual-use material) - non-radioactive

In accordance with the provisions of **NGN-02 - Detailed list of materials, devices, equipment and other explosive nuclear devices**, beryllium, in the form of metal, alloys containing more than 50% beryllium, beryllium compounds, products made from these materials, including waste and scrap containing beryllium, are classified as dual-use materials.

Solid waste contaminated with beryllium resulting from the beryllium settlement activity of the Assembly Section is managed in accordance with the procedure CN-AD-40 "Collection, Packaging and Storage of Solid Waste Contaminated with Beryllium". This is temporarily stored on the Solid Radioactive Waste Temporary Storage Platform (TSP) in metal barrels and is handed over to

authorized operators under a services contract, in order to be treated as waste containing hazardous substances.

1.3 FINANCIAL QUANTIFICATION OF ENVIRONMENTAL PROTECTION ACTIVITIES

Annually, NFP Pitesti considers making investments aimed at preventing pollution. For instance, in 2022, NFP Pitesti proposed the following investments:

- Upgrading of the physical and chemical laboratory ventilation plant, the value of the investment was lei 692,000;
- Upgrading of the ventilation and air-conditioning plant, Hall IV; the investment amount was lei 118,000;

1.4 USE OF HAZARDOUS CHEMICALS OR BIOCIDES

NFP is a downstream user, and hazardous substances and mixtures purchased for use in the technological processes or in laboratory analysis are kept in their original packaging, and are stored depending on compatibility (compatibilities are determined by the staff of the chemical analysis laboratory) in warehouses with controlled access.

When preparing the documentation for acquisition of hazardous substances and mixtures, the requirements concerning their classification, packaging and labelling under the Regulation (EC) no. 1907/2006, concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), as subsequently amended and supplemented, and the Regulation (EC) no. 1272/2008 on classification, labelling and packaging of substances and mixtures, as subsequently amended and supplemented.

The hazardous substances and mixtures used in NFP are accompanied by Safety Data-Sheets, are kept in the manufacturer's packaging, and are subject to procedural requirements, that both at ordering and at taking-over, as well as during regular inspections, the integrity and tightness of the packaging, the correct labelling with information on the name of the product, the brand of the factory and the name of the manufacturer, the date of manufacture, and the warranty period are strictly monitored; all of this is data strictly needed for first aid in order to avoid chemical hazards, for removal of residual products and, where applicable, for application of restrictions on the use of the product. In the event of an accidental damage to the packaging, the chemical product is transferred to other containers compatible with its characteristics, ensuring that these are clean so as not to contaminate the product, are properly labelled and meet any other specific requirements.

For the works carried out in NFP Pitesti, which use hazardous substances and mixtures, these are accompanied by Safety Data-Sheets.

Development of environmental performance in time

34.1 INDEPENDENT REVIEW OF THE OPERATIONAL ENVIRONMENTAL DATA

As of 2020, SNN-SA NFP Pitesti Branch is an EMAS registered organization (certificate no. RO 000018). In order to maintain this registration, NFP Pitesti conducts annual registration surveillance audits

On 28 October 2022, the registration renewal audit for SNN-SA NFP Pitesti Branch was conducted, after which, the Environmental Declaration was validated and subsequently submitted to the National Environmental Protection Agency - EMAS Secretariat.

34.2 TARGETS AND PROGRESS IN REDUCING POLLUTION, ADDITIONAL TO THE REGULATORY REQUIREMENTS

NFP Pitesti is permanently concerned about pollution reduction, the amount of waste generated and the use of resources.

For example:

- high-efficiency HEPA 13 particle retention filters are used to reduce pollution in the ventilation unit, with a retention rate of 99.95%.
- For a rational use of resources, where this was possible, water recirculation systems were put into service, lighting sensors were fitted, sanitary groups were equipped with automatic taps, all water routes were checked to remedy potential losses, and the staff was delivered regular training of the rational use of resources.
- In 2022, the NPP ran an analysis on the possibility of returning the chemical packaging to suppliers for reuse.

SNN-SA NFP Pitesti Branch is an EMAS registered organization, according to registration certificate no. RO-000018. Regulation (EC) No 1221/2009 on the voluntary participation by organisations in a Community eco-management and audit scheme (EMAS), as amended by the Regulation (EU) no. 2017/1505 of the Commission of 28 August 2017 and Regulation (EU) no. 2018/2026 of the Commission of 19 December 2018, provides that registered organizations are required to set key performance indicators for:

- Energy efficiency;
- Material efficiency;
- Water;

- Waste;
- Biodiversity and
- Emissions. The indicators, i.e. the concentration reduction targets for non-radioactive emissions, are set in the situation where the review of the monitoring results finds that these are close to 50% of the alert threshold (AT) set out under the applicable environmental legislation, namely under Order no. 462/1993 of the MWFEP approving of the technical conditions for atmospheric protection and the implementing rules for determination of the emissions of atmospheric pollutants produced by stationary sources.

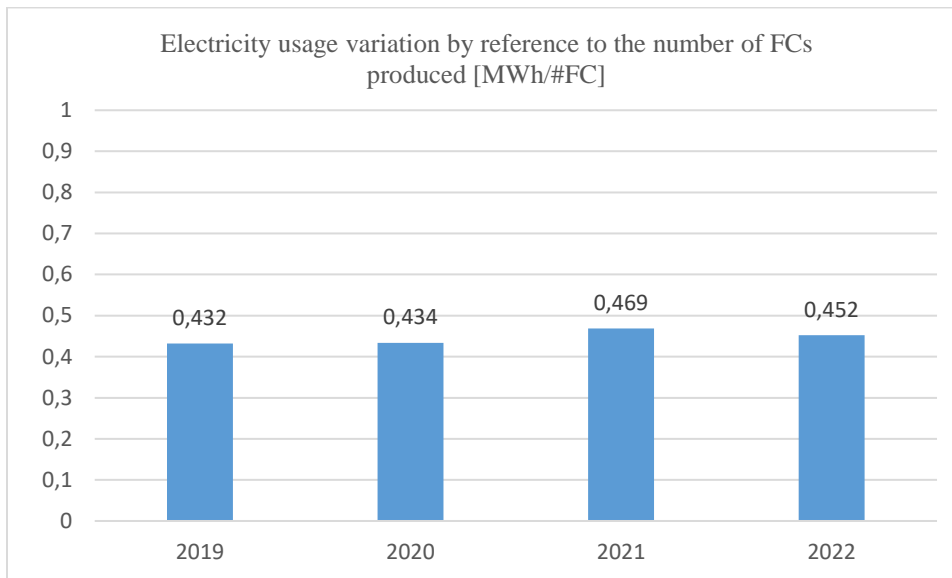
For 2022, NFP Pitesti defined the following performance indicators:

- *Reduction by min. 0.01% of the electricity usage in 2022 v 2021 by reference to the number of FCs produced.*
- *increase of at least 0.01% in the UO₂ powder processing yield compared v 2021 ($\eta=95.10$). Thus, the indicator fell within the proposed target.*
- *increase of at least 0.01% in the processing yield of Zy-4 tubes in 2022 v 2021 ($\eta=97.47$).*
- *Reduction by min. 0.01% of the drinking water consumption in 2022 v 2021 by reference to the average headcount*
- *reduction of the amount of incinerable solid radioactive waste generated by reference to the number of FCs produced - the maximum amount of incinerable solid radioactive waste authorized to be generated according to the environmental permit, compared to the maximum authorized production, is maximum of 0.56 kg/FC*
- *reduction of the amount of uranium released into the atmosphere through radioactive gaseous effluents, by reference to the number of fuel bundles produced, i.e. a maximum of 75 mgU/FC (18% of the maximum amount of uranium authorized to be released through radioactive gaseous effluents according to the environmental permit, by reference to maximum production authorized).*

The analysis of the data for 2022 concerning the performance indicators highlighted that they were attained 100%, according to the tables and charts below:

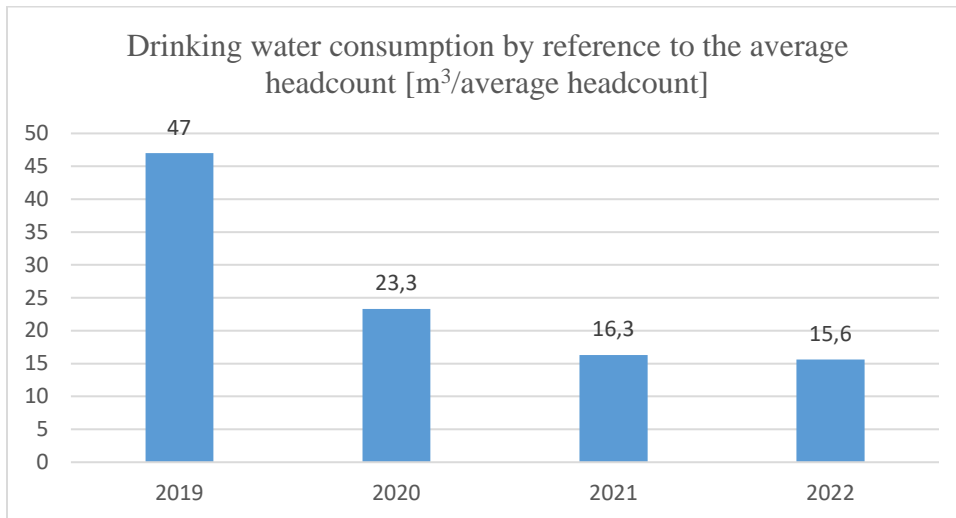
- *Reduction by min. 0.01% of the electricity usage in 2022 v 2021 by reference to the number of FCs produced*

	2019	2020	2021	2022	2022	
					planned	achieved
Amount of electricity used, MWh	4847	4746	5158	4891		
Number of FC products	11200	10800	11000	10826	0.468	0.452
Amount of electricity used/#FCs produced	0.432	0.434	0.469	0.452		



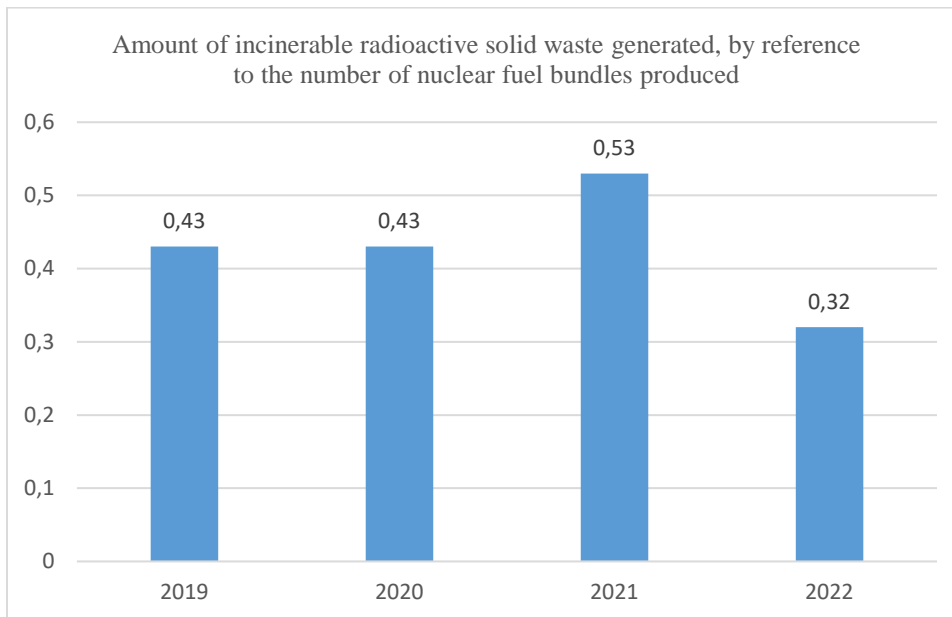
➤ Reduction by min. 0.01% of the drinking water consumption in 2022 v 2021 by reference to the average headcount

	2019	2020	2021	2022	2022	
					planned	achieved
Amount of water used (m ³)	16653	7868	5505	5317	16.298	15.6
Average number of employees	352	338	338	341		
Ratio between the amount of water used and the average headcount	47	23.3	16.3	15.6		



- *reduction of the amount of incinerable solid radioactive waste generated by reference to the number of FCs produced* - the maximum amount of incinerable solid radioactive waste authorized to be generated according to the environmental permit, compared to the maximum authorized production, is maximum of 0.56 kg/FC)

	2019	2020	2021	2022	2022	
					planned	achieved
Amount of incinerable solid waste generated [kg]	4862.7	4653	5865.6	3408.4	0.56	0.32
Number of FCs produced	11200	10800	11000	10826		
Ratio between the amount of incinerable solid waste generated and the number of FCs produced	0.43	0.43	0.53	0.32		

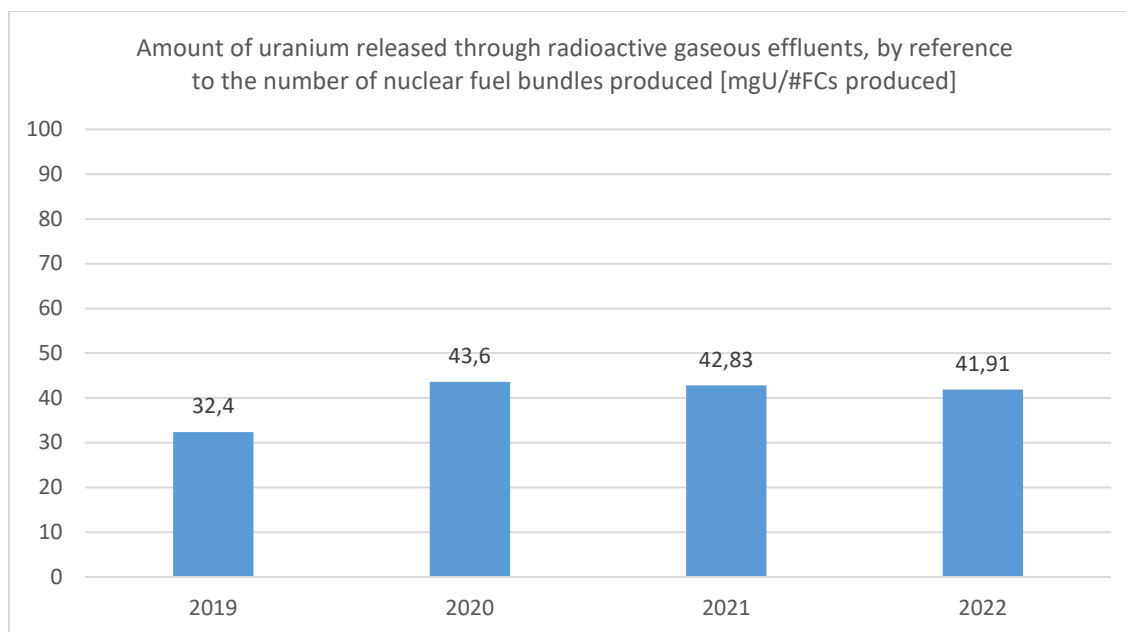


The maximum amount of uranium that can be disposed of through radioactive gaseous effluents at the three dispersion stacks of NFP Pitesti is set under the nuclear operating permit issued by NCNAC, and the Environmental Permit issued under the a Government Decision for SNN-SA NFP Pitesti Branch.

As it can be seen in the chapter on radioactive/non-radioactive emissions assessed at stack, the amount of uranium disposed of annually through radioactive gaseous effluents is far below the limit set out under the permit (for instance, in 2022, the amount of uranium disposed at stack was 0.45 kgU, compared to 5 kgU/year, which is the maximum authorized limit, where U = natural uranium).

- *reduction of the amount of uranium released into the atmosphere through radioactive gaseous effluents, by reference to the number of FCs produced, i.e. a maximum of 75 mgU/FC (18% of the amount of uranium authorized to be released through radioactive gaseous effluents according to the environmental permit, by reference to maximum production authorized)*

	2019	2020	2021	2022	2022	
					planned	achieved
Amount of uranium released through radioactive gaseous effluents [mgU]	363214	470880	471089	453726	75	41.91
Number of FCs produced	11200	10800	11000	10826		
Ratio between the amount of uranium released through radioactive gaseous effluents and the number of FCs produced	32.4	43.6	42.83	41.91		



34.3 TARGETS AND PROGRESS IN WASTE REDUCTION, ADDITIONAL TO THE REGULATORY REQUIREMENTS

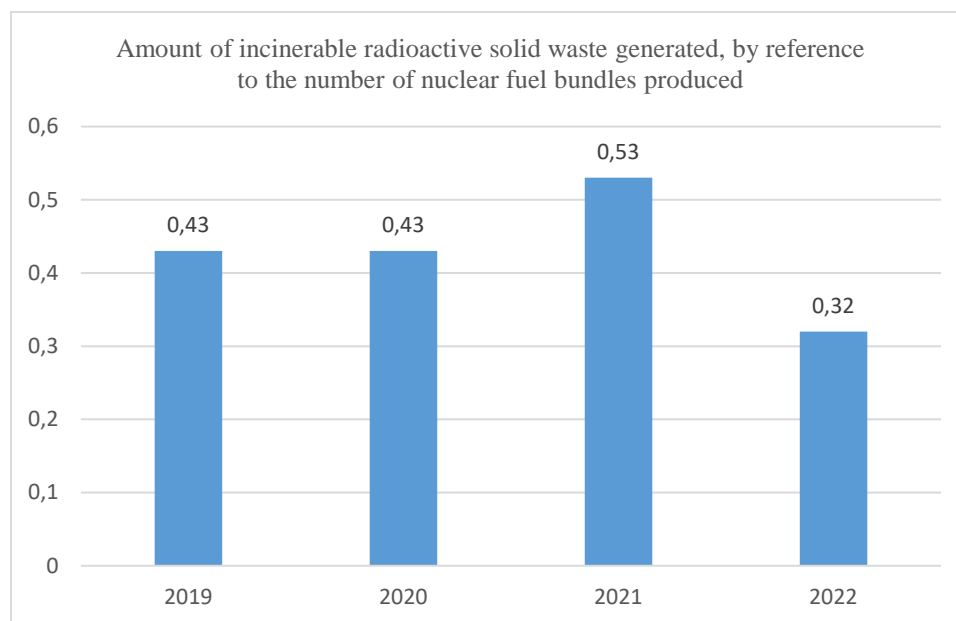
NFP Pitesti pays a special attention to waste management. In order to support reduction of the amount of waste generated, the following indicator was set:

- *reduction of the amount of incinerable solid radioactive waste generated by reference to the number of FCs produced* - the maximum amount of incinerable solid radioactive waste authorized to be generated according to the environmental permit, compared to the maximum authorized production, is maximum of 0.56 kg/FC).

The figures of this indicator in years 2019-2022 are presented below:

	2019	2020	2021	2022	2022	
					planned	achieved
Amount of incinerable solid waste generated [kg]	4862.7	4653	5865.6	3408.4		
Number of FCs produced	11200	10800	11000	10826		

Ratio between the amount of incinerable solid waste generated and the number of FCs produced	0.43	0.43	0.53	0.32	0.56	0.32
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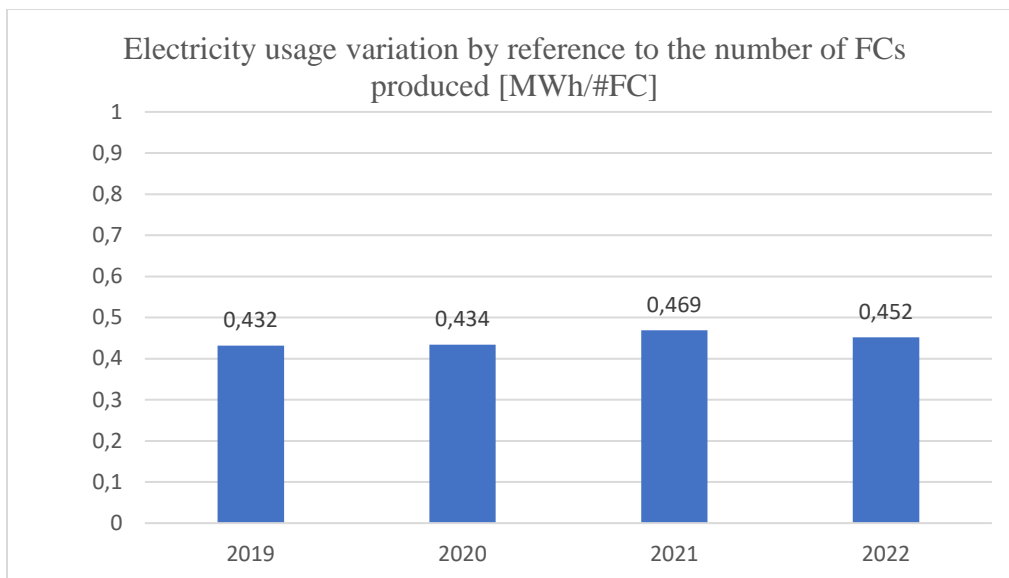


34.4 TARGETS AND PROGRESS IN REDUCTION OF THE USE OF RESOURCES, ADDITIONAL TO THE REGULATORY REQUIREMENTS

As to the use of resources, NFP Pitesti has set performance indicators for:

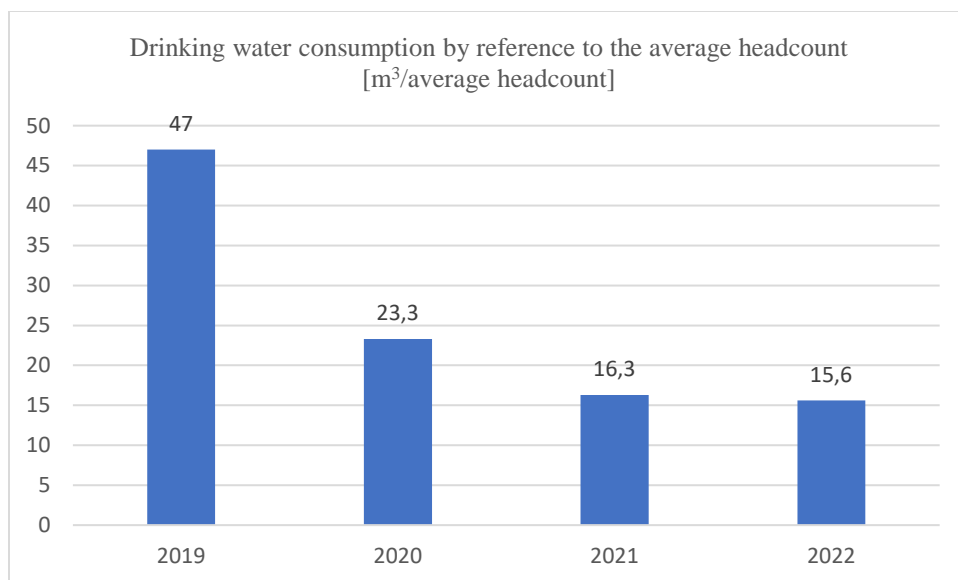
- **energy efficiency:** *Reduction by min. 0.01% of the electricity usage in 2022 v 2021 by reference to the number of FCs produced*
- **water usage:** *Reduction by min. 0.01% of the drinking water consumption in 2022 v 2021 by reference to the average headcount*
- The variation in electricity usage by reference to the number of nuclear fuel bundles produced, in years 2019-2022, is shown in the table below:

	2019	2020	2021	2022	2022	
					planned	achieved
Amount of electricity used, MWh	4847	4746	5158	4891	0.468	0.452
Number of FC products	11200	10800	11000	10826		
Amount of electricity used/#FCs produced	0.432	0.434	0.469	0.452		



➤ The variation in the water usage by reference to the average headcount, in years 2019-2022, is shown in the table below:

	2019	2020	2021	2022	2022	
					planned	achieved
Amount of water used (m ³)	16653	7868	5505	5317	16.298	15.6
Average number of employees	352	338	338	341		
Ratio between the amount of water used and the average headcount	47	23.3	16.3	15.6		



34.5 COMPARISONS BETWEEN OBJECTIVES AND DEVELOPMENTS IN TIME

NFP Pitesti is an EMAS registered organization in accordance with Regulation (EC) no. 1221/2009 of the European Parliament and of the Council of 25 November 2009 on the voluntary participation by organisations in a Community eco-management and audit scheme (EMAS); in this regard, the Environmental Declaration is issued annually and is validated by an accredited environmental reviewer.

The Environmental Declaration, shows the last 3-year developments in the performance indicators set according to Regulation (EC) no. 1221/2009, as subsequently amended and supplemented

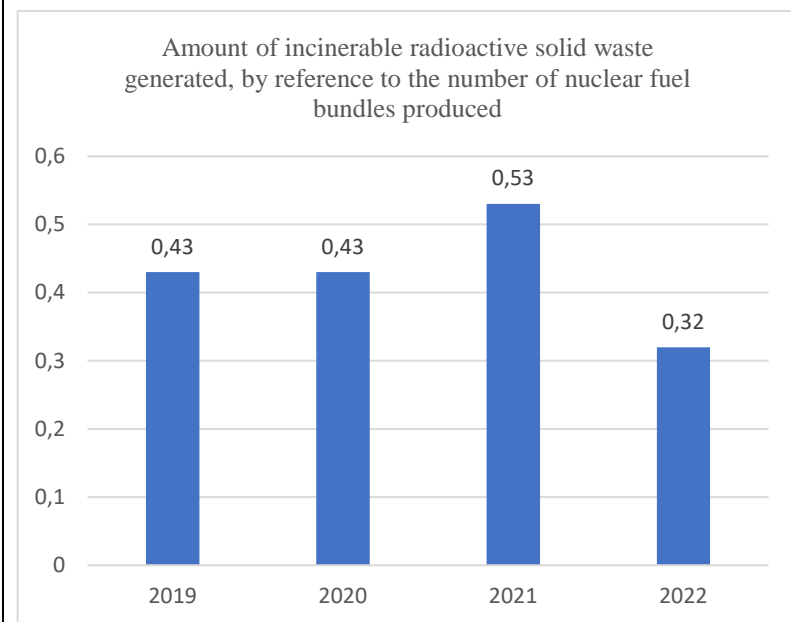
Environmental target	Name of ratio	UM	Target 2022-2023	2019	2020	2021	2022											
Efficient use of energy	Electricity usage/number of bundles produced	[MWh] /FC	Reduction by min. 0.01% of the electricity usage v 2021	0.432	0.434	0.469	0.452	<p>Electricity usage variation by reference to the number of FCs produced [MWh/#FC]</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Value [MWh/#FC]</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>0,432</td> </tr> <tr> <td>2020</td> <td>0,434</td> </tr> <tr> <td>2021</td> <td>0,469</td> </tr> <tr> <td>2022</td> <td>0,452</td> </tr> </tbody> </table>	Year	Value [MWh/#FC]	2019	0,432	2020	0,434	2021	0,469	2022	0,452
Year	Value [MWh/#FC]																	
2019	0,432																	
2020	0,434																	
2021	0,469																	
2022	0,452																	

Environmental target	Name of ratio	UM	Target 2022-2023	2019	2020	2021	2022											
Rational usage of materials	UO ₂ powder processing yield,	%	min 0.01% increase in processing yield in 2022 v 2021	95.12	95.19	95.09	95.34	<p>UO₂ powder processing yield [%]</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Yield [%]</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>95.12</td> </tr> <tr> <td>2020</td> <td>95.19</td> </tr> <tr> <td>2021</td> <td>95.09</td> </tr> <tr> <td>2022</td> <td>95.34</td> </tr> </tbody> </table>	Year	Yield [%]	2019	95.12	2020	95.19	2021	95.09	2022	95.34
Year	Yield [%]																	
2019	95.12																	
2020	95.19																	
2021	95.09																	
2022	95.34																	

Environmental target	Name of ratio	UM	Target 2022-2023	2019	2020	2021	2022											
	Zy-4 tube processing yield	%	Increase of at least 0.01% in the processing yield of Zy-4 tubes in 2022 v 2021	96.7	97.24	97.46	97.55	<p>Zy-4 tube processing yield [%]</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Yield [%]</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>96,7</td> </tr> <tr> <td>2020</td> <td>97,24</td> </tr> <tr> <td>2021</td> <td>97,46</td> </tr> <tr> <td>2022</td> <td>97,55</td> </tr> </tbody> </table>	Year	Yield [%]	2019	96,7	2020	97,24	2021	97,46	2022	97,55
Year	Yield [%]																	
2019	96,7																	
2020	97,24																	
2021	97,46																	
2022	97,55																	

Environmental target	Name of ratio	UM	Target 2022-2023	2019	2020	2021	2022											
Rendering water usage more efficient	Drinking water consumption/average headcount	m ³ /no. of employees	Reduction by min. 0.01% of the drinking water consumption in 2022 v 2021 by reference to the average headcount 2022	47	23.3	16.3	15.6	<p>Drinking water consumption by reference to the average headcount [m³/average headcount]</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Consumption [m³/average headcount]</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>47</td> </tr> <tr> <td>2020</td> <td>23,3</td> </tr> <tr> <td>2021</td> <td>16,3</td> </tr> <tr> <td>2022</td> <td>15,6</td> </tr> </tbody> </table>	Year	Consumption [m ³ /average headcount]	2019	47	2020	23,3	2021	16,3	2022	15,6
Year	Consumption [m ³ /average headcount]																	
2019	47																	
2020	23,3																	
2021	16,3																	
2022	15,6																	

Environmental target	Name of ratio	UM	Target 2022-2023	2019	2020	2021	2022
Minimization of incinerable solid waste generation	Amount of incinerable radioactive solid waste generated/by reference to the number of nuclear fuel bundles produced	[kg/no. of FCs produced]	Max. 0.56 the maximum amount of incinerable solid radioactive waste generated according to the environmental permit is 6.7 tons, by reference to maximum authorized production	0.43	0.43	0.53	0.32



Environmental target	Name of ratio	UM	Target 2022-2023	2019	2020	2021	2022											
Reducing the emissions of radioactive gaseous effluents into the atmosphere	Amount of uranium disposed through radioactive gaseous effluents, by reference to the number of nuclear fuel bundles produced	[mgU/FC]	maximum 83.33 mgU/FC which accounts for 20% of the amount of uranium authorized to be released through radioactive gaseous effluents according to the environmental permit, by reference to the maximum authorized production	32.4	43.6	42.83	41.91	<p>Amount of uranium released through radioactive gaseous effluents, by reference to the number of nuclear fuel bundles produced [mgU/#FCs produced]</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Amount of uranium released [mgU/#FCs produced]</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>32,4</td> </tr> <tr> <td>2020</td> <td>43,6</td> </tr> <tr> <td>2021</td> <td>42,83</td> </tr> <tr> <td>2022</td> <td>41,91</td> </tr> </tbody> </table>	Year	Amount of uranium released [mgU/#FCs produced]	2019	32,4	2020	43,6	2021	42,83	2022	41,91
Year	Amount of uranium released [mgU/#FCs produced]																	
2019	32,4																	
2020	43,6																	
2021	42,83																	
2022	41,91																	

34.6 IMPACT AND DEPENDENCIES ON NATURAL CAPITAL AND BIODIVERSITY

The impact on biodiversity of the operation of the analysed facility is assessed as insignificant because the following were taken into account:

- the specific activities of NFP do not cause any damage to the vegetation on site because there are no activities/works that require topsoil stripping off or cutting the woody vegetation;
- the operation of the NFP does not cause any loss of areas, fragmentation or alteration of the habitats of conservation interest and the characteristic habitats of the species of wild flora and fauna in the natural areas protected at national and Community level because of the relatively large distances between NFP and these;
- bearing in mind the particulars of the activities carried out in the analysed facility, the forest vegetation in the vicinity is not affected by the loss of areas occupied by trees or by changes in the floristic composition;
- the NFP operation does not reduce the population numbers of the fauna of hunting interest or of the fish species in the waterways of the neighbouring areas;
- the constructive peculiarities and the positioning of the NFP in a forest area do not cause any impact on bird migration, because deviation of the bird migration routes due to the NFP existence and operation is out of the question, and the maximum height of structures is comparable to that of the trees in the neighbouring forest areas.

34.7 LIFECYCLE ANALYSIS

NFP Pitesti carries out specific CANDU-6 type nuclear fuel production activities, using as basic raw material the sinterable UO₂ powder (with natural uranium and depleted uranium) and as structural material Zircaloy-4 in the form of tubes, sheets, bars and wire. The final product is the CANDU-6 type nuclear fuel bundle and is intended for the CANDU type nuclear reactors of Cernavoda NPP.

In the manufacturing process, NFP Pitesti has implemented a process to recover the resulting non-compliant materials, with the aim of optimizing consumption, recycling the resulting non-compliant materials and, implicitly, reducing the impact on the environment, as follows:

- non-compliant nuclear materials resulting from the pill manufacturing processes are collected by category (powder, pellets, raw pills and sintered/rectified pills, rectification sludge, etc.) and stored until transferred to the powder supplier for recycling and conversion into compliant UO₂ powder, which is later returned to NFP Pitesti to be reintroduced in the manufacturing process;

- incinerable solid radioactive waste and radioactive liquid waste (contaminated with uranium) are transferred to the Radioactive Waste Treatment Station of NRI Pitesti for uranium treatment and recovery in the form of uranium ash and uranyl phosphate, which materials are then returned to NFP and subsequently managed as non-compliant nuclear material;

Non-incinerable solid radioactive waste is collected according to a procedure-based programme and regularly transferred, based on the transfer permits issued by NCNAC, to CNU Feldioara Branch for final disposal.

Environmental programmes

The NRI-NFP platform was placed on the current site based on a survey conducted by specialized bodies, further which the site permit authorization no. 1392/15.10.1972 was issued, considering the following, depending on the profile of the activities performed on the platform:

- a) The direct effect of nuclear activities on the population and environment, both under normal operation conditions, and in case of a nuclear incident or accident;
- b) The amounts and disposal methods for radioactive and non-radioactive waste;
- c) The density and age structure of the population in the area and its diet particularities;
- d) The relief and the local geographical, weather and hydrological conditions;
- e) The social and economic facilities in the area, their importance and any potential implications.

Adjacent to the NRI-NFP platform, there is an exclusion zone and a sparsely populated area. For the area adjacent to the platform, based on the contracts for environmental surveillance, NRI monitors the area and reports, make announcements and gives notices to the competent bodies.

The radiological surveillance of the area adjacent to the NRI-NFP platform (exclusion zone and sparsely populated area) is the responsibility of the NRI. The radiological monitoring of environmental factors (air, soil, vegetation, atmospheric deposits) is carried out within a radius of 12 km around the NRI-NFP platform, by Argeş EPA and Argeş National Environmental Protection Agency (NEPA). The monitoring of the environment in the area of influence of NFP Pitesti is done under the framework of the standard Programme (run according to the Order no. 1978/2010) and the special programme carried out by the Environmental Radioactivity Monitoring Station (ERMS) of Argeş EPA.

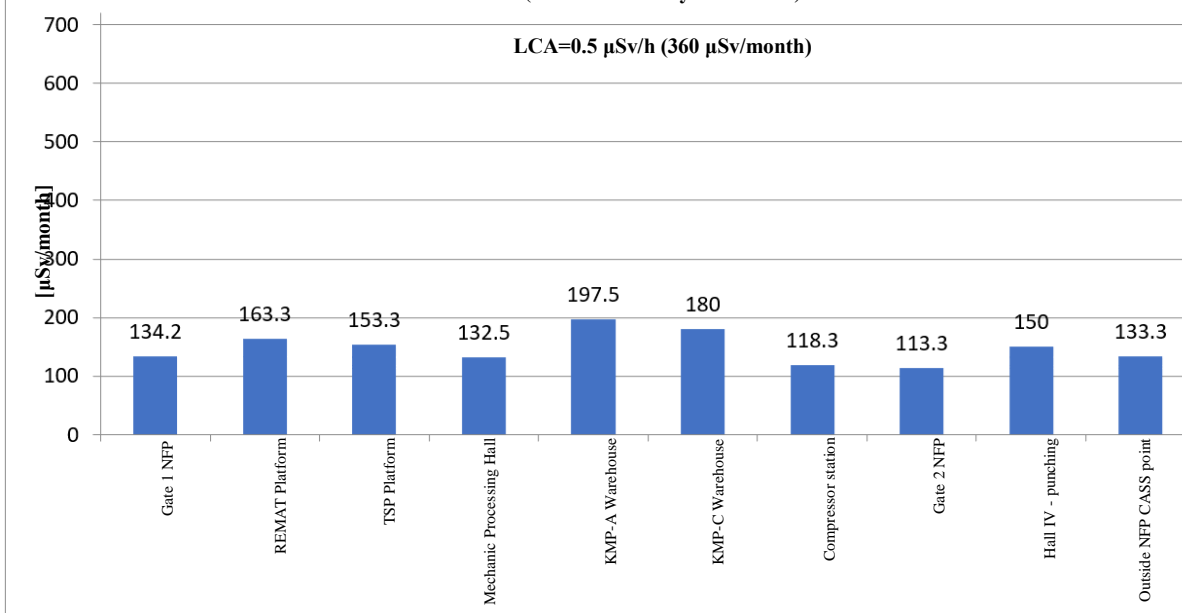
NFP Pitesti has implemented an environmental radioactivity monitoring programme, described in the Radiological Safety Manual and the procedure CN-MM-11 - Environmental Radioactivity Monitoring Program for NFP Pitesti, during which samples are taken of the surface water, underground water, soil and sediments, in order to determine the concentration of the natural uranium, the global beta activity and the gamma spectrometry and, as the case may be, dose measurements are performed in the premises of NFP.

The values recorded in years 2019-2022 for the average monthly doses at the NFP perimeter fence were below the documentary control limits set in NFP. The recorded values are shown in the charts below.

Average monthly doses at NFP perimeter fence recorded in 2019

(measurements by dosimeters)

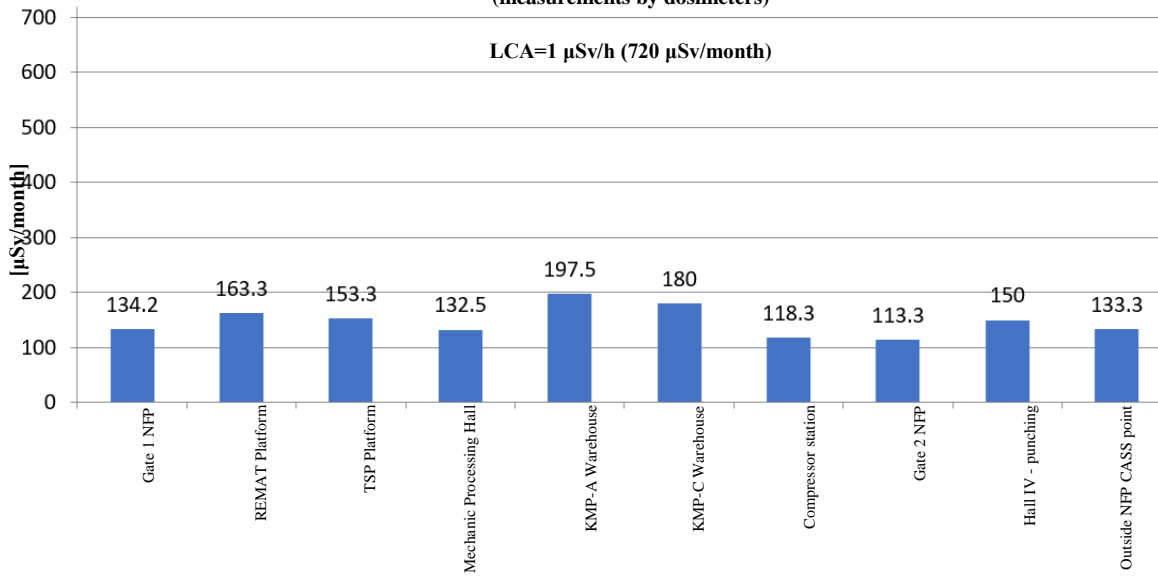
LCA=0.5 μ Sv/h (360 μ Sv/month)



Average monthly doses at NFP perimeter fence recorded in 2020

(measurements by dosimeters)

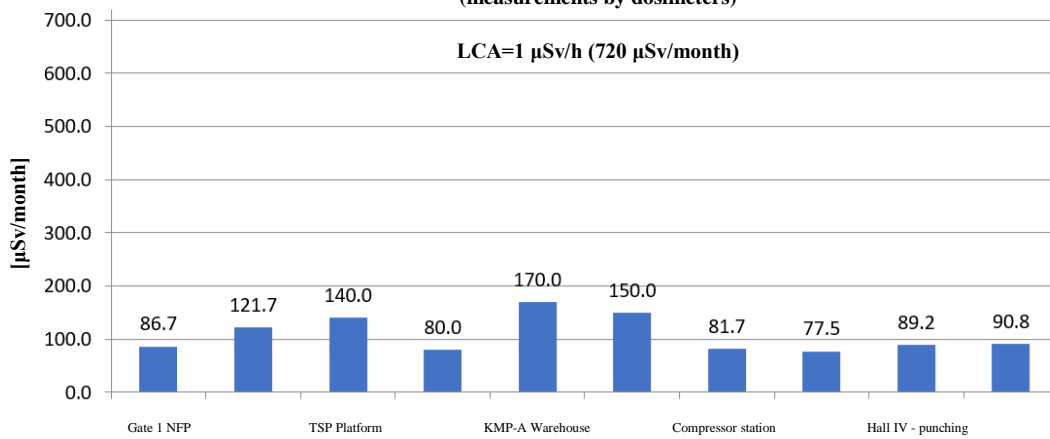
LCA=1 $\mu\text{Sv/h}$ (720 $\mu\text{Sv/month}$)

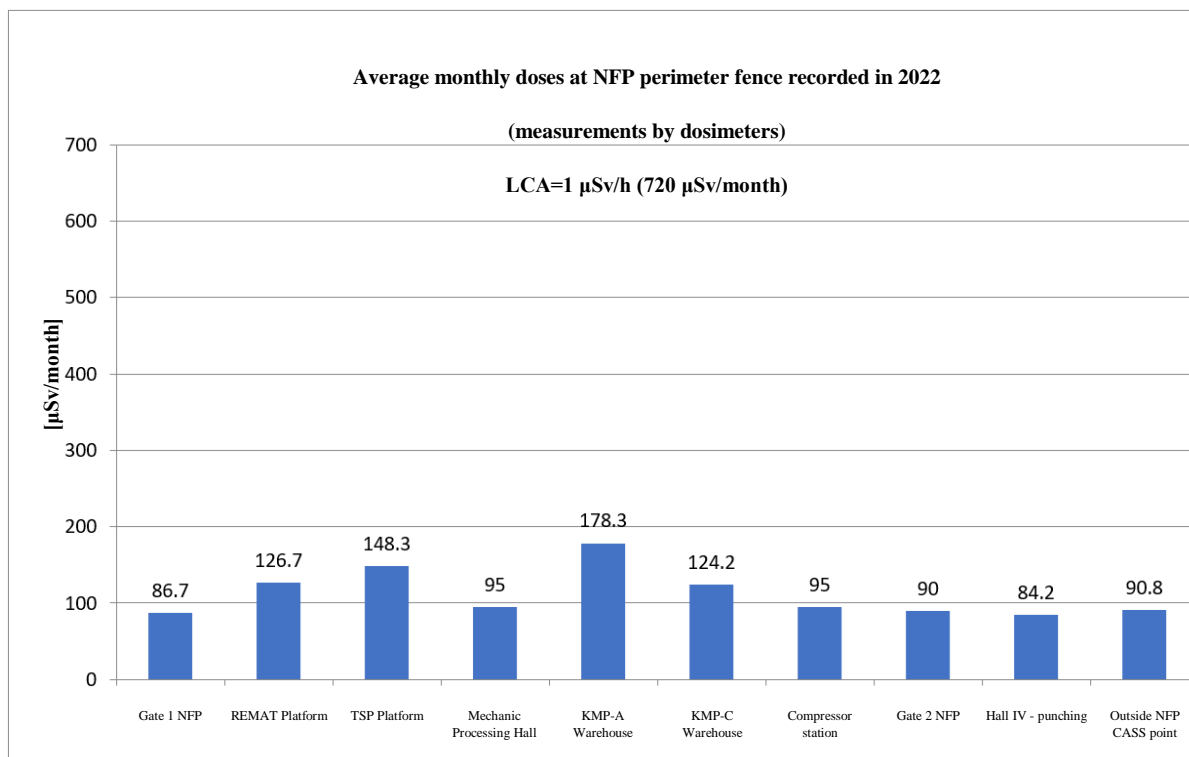


Average monthly doses at NFP perimeter fence recorded in 2021

(measurements by dosimeters)

LCA=1 $\mu\text{Sv/h}$ (720 $\mu\text{Sv/month}$)





In addition to environmental radioactivity monitoring, NFP Pitesti performs determinations of the concentration of beryllium in air and lead in soil, as well as noise determinations at the boundary of the premises.

The measured values were below the limits set out under the applicable legislation.

Considering the values recorded in the monitoring carried out for the NRI-NFP platform, we can conclude that the impact of the activity on the population and the environment is minimal.

Environmental performance records

In accordance with Annex IV of *Regulation (EC) no. 1221/2009 on the voluntary participation by organisations in a Community eco-management and audit scheme (EMAS)*, as subsequently amended and supplemented, NFP Pitesti is under the obligation to set a number of key indicators, to the extent that these concern matters of the organization directly related to the environment, as well as by reference to other relevant indicators in place in terms of environmental performance.

These **indicators** must:

- a) Provide an accurate assessment of the environmental performance of the organization;
- b) Be easy to understand and not ambiguous
- c) Allow an annual comparison aimed at assessing the progress in the organization's environmental performance;
- d) Allow, as applicable, a comparison against the sectoral, national or regional reference parameters
- e) Allow comparisons against the regulatory requirements, as applicable.

The **key indicators** apply to all types of organizations. They concern the performance obtained in the following essential environmental areas:

- a) Energy efficiency;
- b) Material efficiency;
- c) Water;
- d) Waste;
- e) Biodiversity and emissions.

Environmental target	Performance indicator	Reporting frequency	Definition	Calculation method
Efficient use of electricity	Electricity usage by reference to the number of bundles produced	annually	The ratio between the electricity usage during a given period of time, compared to the number of nuclear fuel beams produced during the same time period	Annual usage [MWh]/FCs produced
Rational usage of materials	UO ₂ powder processing yield	monthly	The amount of uranium contained in the columns of UO ₂ pills formed, compared to the amount of uranium contained in the UO ₂ powder released from pill manufacture.	The amount of UO ₂ pill columns formed/the amount of UO ₂ powder released [kg]
	Zy-4 tube processing yield	monthly	Annual average Zy-4 tube processing yields calculated for each batch of Zy-4 tubes used during the entire year.	<ul style="list-style-type: none"> - For each batch of Zy-4 tubes, the processing yield is calculated (as the ratio between the number of Zy-4 sheaths found in the nuclear fuel bundles and the number of Zy-4 tubes launched in production) - The processing yields of all batches launched in a year are averaged
Rendering water usage more efficient	Drinking water consumption by reference to the average headcount	annually	Drinking water usage during a given time period, by reference to the average headcount during the same time period	According to the utility agreement, this is reported in m ³ /employee

Minimization of the amount of incinerable solid waste generated	Amount of incinerable radioactive solid waste generated, by reference to the number of nuclear fuel bundles produced	half-yearly	Amount of incinerable radioactive solid waste generated during a given time period, by reference to the number of nuclear fuel bundles produced during the same time period	According to reports on radioactive waste, this is reported in tones/FCs produced
Reduction of emissions into the atmosphere	Amount of uranium disposed through radioactive gaseous effluents, by reference to the number of nuclear fuel bundles produced	Monthly	The amount of uranium released through radioactive gaseous effluents during a given time period, by reference to the number of fuel beams produced in the same time period	According to environmental monitoring reports, this is reported in mgU/FCs produced

Considering the main indicators listed above, for 2022, NFP Pitesti established defined the following relevant indicators:

FCs - nuclear fuel bundles

NOTE (1): There are 2 main indicators set out in the EU Regulation 1221/2009, but these are not relevant for NFP Pitesti:

- The Biodiversity Conservation indicator is irrelevant because the sealed surface (structures, alleys and concrete platforms) covers more than 90% of the total surface of the NFP
- The greenhouse gas emission indicator is also irrelevant because the NFP's activity does not involve any processes with significant GHG emissions, which would require monitoring.

As to emissions, a specific indicator was set for the amount of uranium disposed through radioactive gaseous effluents

Incidents on INES scale

No incident that fell under the INES scale of IAEA took place in years 2019-2022.

SCALA - INES	2019	2020	2021	2022
Level 7 major accident	0	0	0	0
Level 6 Serious accident	0	0	0	0
Level 5 accident with extended consequences	0	0	0	0
Level 4 accident with local consequences	0	0	0	0
Level 3 Serious incident	0	0	0	0
Level 2 incident	0	0	0	0
Level 1 anomaly	0	0	0	0

The triggering events provided for NFP were reviewed in the document Final Nuclear Safety Report for NFP Pitesti branch (FSR). The report's conclusions confirm the absolutely immaterial nature of the impact on the environment, workers and population of the area concerned, both under normal operating conditions and under considered accident conditions. As to inclusion of the set of defined triggering events under review on the INES scale, in accordance with the specifications and criteria laid down in the AIEA International Nuclear and Radiological Event Scale (INES) documentation, User's Manual, it is concluded that none of the events under review reaches Level 1 (Anomaly).

35.1 INDEPENDENT ENVIRONMENTAL REVIEW

NFP defines and conducts an audit process in order to assess the implementation and effectiveness of the IMS and its compliance with the applicable rules and standards. This process acts as a management tool for the independent assessment of each component process of IMS, and is aimed at two aspects:

- internal, for assessment of the own Management System;
- external, for assessment of the Supplier Quality Management System.

In order to attain the set goals, the audits comply with the following requirements:

- a) Audits are planned according to the conditions and importance of the processes and areas to be audited and the results of the previous audits;
- b) Each IMS process, *i.e.* respectively each product making process, is audited at least once every two years;

PwC

- c) The annual audit plans are subject to acceptance by the SNN Headquarters and to NCNAC approval;
- d) Each audit is planned, and the planning is submitted to the management of the audited areas;
- e) Preparation and performance of the audit is carried out by a designated audit team;
- f) The audit teams are made up of properly trained and qualified staff, in accordance with the requirements of the procedure *CN-AC-53 "Qualification and certification of the audit team members and of the head of the audit team"*, who meets the following conditions:
 - has no responsibilities as to performance of the audited activities;
 - has not exercised any control on the audited activities;
- g) The audit results are documented and these records are distributed to the staff with responsibilities for the audited areas;
- h) Any nonconformities and others deficiencies detected during the audit must be described in sufficient detail, so as to ensure:
 - **definition** of measures to address the nonconformities/deficiencies by the management of the audited area;
 - application corrective actions to address the cause and prevent recurrence of **nonconformities/deficiencies**, by the management of the audited area;
- i) Auditors can suggest corrective actions to be taken into account by those in charge of the audited activities;
- j) Audit (performed in house and at suppliers) reports are submitted for information to SNN Headquarters and NCNAC.

The responsibilities and requirements for planning and performance of audits, documentation and reporting of the results and record keeping are described in the procedure *CN-AC-23, "Audit"*.

35.1.1 External environmental audits

Every year, NFP Pitesti is subject to two external audits carried out by the SRAC CERT certification body, which are aimed at maintaining the certification of the Environmental Management System implemented in accordance with the requirements of the standard SR EN ISO 14001:2015, and at maintaining the EMAS registration obtained by NFP Pitesti further to implementation of the requirements of the Regulation (EC) no. 1221/2009 of the European Parliament and of the Council of 25 November 2009 on the voluntary participation by organisations in a Community eco-management and audit scheme (EMAS), as subsequently amended and supplemented.

35.1.2 Compliance with the environmental regulations

The nuclear fuel production activity is carried out in NFP Pitesti in observance of the obligations stemming from:

- The environmental regulations;
- The Environmental Permit and other operating permits;
- The nuclear safety, quality management, occupational health and safety, nuclear safeguards, physical protection, cyber security, emergency preparedness and response capacity, and radioactive material transport regulations;
- Radiological safety regulations;
- ISCIR requirements applicable to the existing plants of NFP, together with other requirements of stakeholders as to the developed and implemented management system;

NFP Pitesti permanently identifies its compliance obligations, and where these have not been fully or implemented, actions and measures are determined for compliance with the applicable legal requirements.

For performance of the environmental protection activity, NFP Pitesti holds an Environmental Permit issued under the Government Decision GD no. 24/2019; in accordance with the legislation in force, NFP Pitesti has the obligation to have the visa applied thereon every year. Application of the visa on the environmental permit is only possible if the environmental protection requirements have been observed, and this is checked by the representatives of the environmental authority, having first examined the documents and the site.

35.1.3 Fines or penalties

In 2022, no penalties were applied by the inspection bodies

Management of water resources

Under the Policy on nuclear safety, quality, protection against ionizing radiation, environment, occupational safety and health, control of nuclear guarantees, cyber security, and protection of classified information, the NFP Pitesti's management have committed to take all necessary measures to rationally use the natural resources.

In order to reduce the use of water in NFP Pitesti, a number of measures was taken, including:

- commissioning of water recirculation systems
- provision of restrooms with automated taps
- checking of all water routes in order to fix any losses
- training and raising awareness of the staff of the rational use of resources at all times.

A report on the use of water in years 2019-2022 is shown in the table below:

	2019	2020	2021	2022
Amount of water used (m ³)	16653	7868	5505	5317

In NFP Pitesti, there have been no independent checks on the how water is used.

Cooperation with other entities to reduce the use of water is not pursued by NFP Pitesti.

NFP Pitesti does not hold a Water Management Permit, and the water needed is supplied by NRI Pitesti.

36.1 REGIONS WITH HYDRIC STRESS

NFP Pitesti is located in a hydrographic area with groundwater and deep water that ensures covers for the consumption of both the population and the local businesses. Cooperation with stakeholders for areas with hydric stress does not apply to NFP Pitesti.

36.2 FINANCIAL QUANTIFICATION

Considering that NFP is not located in an area with a high risk of drought/hydric risk, no additional investments for water supply are required.

36.3 NUMBER OF INSTANCES OF NONCOMPLIANCE WITH THE STANDARDS AND REGULATIONS

NFP Pitesti is supplied with drinking water by NRI Pitesti. NFP Pitesti does not hold a water management permit and does not discharge any waste water into any emissary.

36.4 WATER DRAINING OFF

NFP Pitesti does not discharge any water into any emissary.

Waste water is collected in the two stations held by NFP:

PwC

- the Wastewater Collection and Discharge Station (RWCDS-NFP)
- the Liquid Radioactive Waste Collection Station (LRWCS-NFP)

Depending on the uranium concentration, these are discharged into Pitesti NRI Treatment Station (TS-NRI) as radioactive waste water or are transferred by road tanker to Pitesti NRI Radioactive Waste Treatment Station (RWTS-NRI), as radioactive solid waste for treatment and uranium recovery:

	2019	2020	2021	2022
Amount of radioactive liquid effluent discharged at the NRI Treatment Plant (m ³)	950	1050	1150	850
Amount of liquid radioactive waste transferred to the Radioactive Waste Treatment Station - NRI	420	440	380	270

36.5 SOURCES OF WASTEWATER, ON INTENDED USES

Sources of wastewater:

- **Radioactive liquid waste** is radioactively contaminated waste water of different concentrations, coming from the production and quality control activity, and is collected in the tanks of the **Radioactive Liquid Waste Collection Station of NFP (LRWCS-NFP)**. Radioactively contaminated waste water, with a concentration of more than 2 mg U/L, is transferred for uranium recovery to the **Radioactive Waste Treatment Station of NRI (RWTS-NRI)**, where precipitation with trisodium phosphate and ammonia, followed by settling, filtration and drying results into solid and dry uranyl phosphate that is returned to the NFP.
- **Radioactive waste water** - Waste water with a radioactive content below 1 mg U/L is collected together with the non-radioactive waste water at the Residual Water Collection and Discharge Station (RWCDS-NFP) in tanks. Here, it is checked whether the content of uranium, total nitrogen, total phosphorus, beryllium and pH fall within the limits set out under the *Operating Regulation of NRI-Pitesti Waste Water Treatment Plant* and by NCNAC, after which the radioactively contaminated waste water (radioactive liquid effluents) are discharged into the NRI Treatment Station (TS-NRI).

- **Domestic waste water from the NFP** is discharged via the domestic sewage network system (separated from industrial sewage networks) into the NRI Treatment Station (TS-NRI), based on the relevant procedures.

Types of waste water	2019	2020	2021	2022
Liquid radioactive waste [m ³]	420	440	380	270
Radioactive waste water [m ³]	950	1050	1150	850
Domestic waste water [m ³]	15313	7640	5362	4920

36.6 AMOUNTS OF WATER USED

Water supply

NFP Pitesti is supplied drinking, fire and industrial water by NRI Pitesti.

The amounts of water used by NFP Pitesti in years 2019-2022 are shown in the table below:

Types of water	2019	2020	2021	2022
Drinking and fire water [m ³]	16653	7868	5505	5317
Industrial water [m ³]	360	336	180	184

Water discharge

The waste water from the NFP is discharged via the industrial and domestic sewage network systems into the NRI Treatment Station (TS-NRI).

The amounts of waste water discharged from NFP into TS-NRI in years 2019-2022 are shown in the table below:

Types of waste water	2019	2020	2021	2022
Radioactive waste water [m ³]	950	1050	1150	850
Domestic waste water [m ³]	15313	7430	5362	4920

36.7 TARGETS TO REDUCE THE USE OF WATER

As to the efficient use of water, NFP Pitesti has defined a performance indicator, i.e. reduction of water usage by reference to the average headcount; this indicator is monitored and reported on annually under the Environmental Declaration of the NFP, which supports maintenance of the EMAS registration for NFP Pitesti.

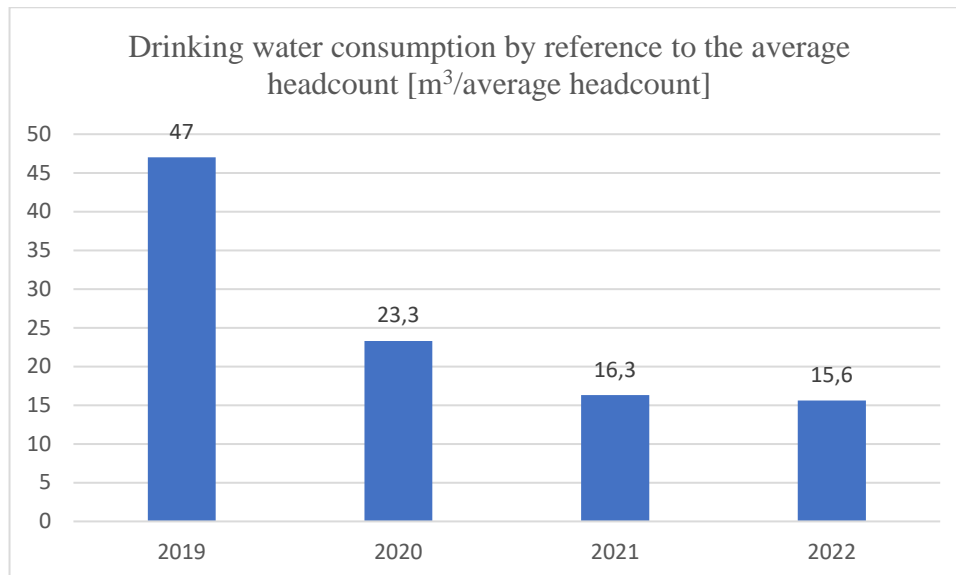
Among the measures taken by NFP Pitesti to reduce the use water, we can list: permanent training of the staff on the efficient use of water, checking the plants for losses, replacement of the classical taps by sensor taps.

As to reduction of the use water, NFP Pitesti has defined the following performance indicator:

Reduction by min. 0.01% of the drinking water consumption in 2022 v 2021 by reference to the average headcount

The variation in the water usage by reference to the average headcount, in years 2019-2022, is shown in the chart below:

	2019	2020	2021	2022	2022	
					planned	achieved
Amount of water used (m ³)	16653	7868	5505	5317	16.298	15.6
Average number of employees	352	338	338	341		
Ratio between the amount of water used and the average headcount	47	23.3	16.3	15.6		



In 2022, the use of water/average headcount was reduced by 4.29% v 2021.

36.8 USE AND PROTECTION OF NATURAL RESOURCES (WATER, SOIL, ETC.) AND BIODIVERSITY PROTECTION

The nuclear fuel manufacturing process uses:

- *Industrial water* - It is used in heat exchangers attached to the different engineering equipment.

Industrial water is prepared by the Pitesti Nuclear Research Institute. In order to save industrial water, NFP has been equipped with 2 industrial water recirculation systems, which supply the equipment of the manufacturing line.

NFP is provided its own industrial water pumping system, ensuring the following:

- top-up water for the two recirculation systems;
- backup supply in case the two recirculation systems break down.

- *Demineralized water.*

- *Electricity.*

NFP is supplied with electricity from the 110/6 kV station of NRI, which is connected to the National Energy System (SEN) through two 110 kV power lines.

- *Compressed gas.* Compressed gas is: nitrogen, hydrogen, argon and helium.

Nitrogen and hydrogen are produced in the factory, whereas argon and helium are purchased from authorized distributors.

In NFP, drinking and fire water, industrial water, domestic water and purified industrial water are provided by RATEN - the Nuclear Research Institute under an agreement concluded between the parties.

Utilities ensured by NFP: cooling water, demineralized water, and domestic hot water.

Since 2007, NFP has operated a solar plant for production of domestic hot water, consisting of 30 solar panels with ethylene glycol as the transfer medium. NFP also operates a demineralized water production facility, this being the water needed in the technological process of nuclear fuel bundle production.

Radioactively contaminated waste water with a concentration of more than 1 mg U/l is transferred for uranium recovery to the NRI Radioactive Waste Treatment Station (RWTS-NRI).

In RWTS-NRI, the uranium concentration is assessed out by applying physical cold control processes; by precipitation with trisodium phosphate and ammonia, followed by decantation, filtration and drying, solid uranyl phosphate is obtained, which is returned to NFP under nuclear safeguard control. The uranium recovery rate is 99.9%. The amount of natural uranium recovered is included in the general balance-sheet of the factory and is subject to nuclear safeguards controlled by

the International Atomic Energy Agency (IAEA) and the European Atomic Energy Community (EURATOM).

Radioactive waste water with a uranium concentration below 1 mg U/l is discharged from RWCDs-NFP into NRI Pitesti Treatment Station (TS-NRI), which, after treating/purifying it, discharges the resulting liquid effluents into the emissary (Doamnei River), in observance of the requirements laid down in the Water Management Permit held by RATEN-NRI

Asset integrity management

Part of implementation by SNN of the requirements of internal management control standards, NFP Pitesti Branch approached risk management, in full alignment with the procedure defined in SNN - Headquarters MR-00-01 "Risk Management in SNN SA".

With the system thus put in place the NFP branch and described in the internal procedure *CN-AD-69 "Risk Management"*, it is ensured that the risks that could have an impact on the capacity of NFP Pitesti Branch to attain the objectives of the subunit and the specific (departmental) objectives, compliance with the legal and regulatory requirements, asset protection, fraud prevention and detection, and nuclear safety are identified, quantified and reported on, in order to initiate and implement appropriate and effective risk mitigation measures.

This procedure sets out the methodology for putting together and managing the "Risk Register" at branch level, as well as ways and means of internal and external communication.

Risk management is an element of the management control system (MICS) with the aid of which the significant risks of the branch are identified, and which aims to:

- 1^o keep threats within acceptable limits;
- 2^o identify and tap into opportunities;
- 3^o globally improve performance.

In accordance with Law no. 703/2001 on third-party liability for nuclear damage, SNN acquired the Third-Party Liability Insurance Policy for nuclear damage, as well as Property Insurance Policy (Units 1 and 2 of Cernavoda NPP and NFP Pitesti) for property damage.

Management systems

38.1 ENVIRONMENTAL MANAGEMENT SYSTEMS

In accordance with Law no. 111/1996 on the safe performance, regulation, authorization and control of nuclear activities, republished, as subsequently amended and supplemented, additions and changes, NFP has in place an Integrated Management System (IMS) which is developed, implemented, monitored and continuously improved, and ensures identification and integration of all legal

requirements and specific regulations applicable to the activities carried out, the nuclear quality and safety requirements, the environmental protection requirements, the occupational health and safety requirements, the requirements for protection against ionizing radiation and cyber threats, physical protection and protection of classified information, as well as the requirements formally agreed with the "stakeholders", the financial and business requirements and the requirements of voluntarily adopted standards.

NFP has developed and put in place an Environmental Management System - a component part of the Integrated Management System - which implements the requirements of the standard SR EN ISO 14001:2015 and the EMAS Regulation in all activities carried out, and ensures:

support to and observance of the concept of sustainable development, by reflecting its values in all the activities carried out, as well as in the organizational culture;

compliance with the environmental legislation requirements;

efficient use of resources and pollution prevention.

All the activities carried out in NFP with an impact on the environment are preventive in nature and are carried out based on the permits/agreements issued by the environmental authorities and by NCNAC, having at all times in mind application of the ALARA principle.

In NFP, the environmental matters related to all current activities and planned products, either new or modified, are identified and assessed, along the environmental impact related thereto in terms of the lifecycle, and taking into account any normal, abnormal or emergency operating conditions.

The environmental objectives and targets are set and revisited regularly, depending on the evolution of the legislative requirements and the objectives of SNN SA with a view to continuously improving the environmental performance.

Description of the Environmental Management System of NFP can be found in the procedure CN-MM-01 "Environmental Management in NFP".

Implementation, maintenance and continuous improvement of the environmental management is underpinned by a good understanding of the context in which NFP operates, taking into account the internal and external issues that can affect the environmental management performance.

In addition to understanding its own operation context, NFP has also identified the relevant stakeholders for its environmental management system, as well as their needs and expectations, which it undertakes to hold up: NFP staff, SNN-Headquarters, SNN-Cernavoda NPP, RATEN-NRI Pitesti, regulatory and control bodies, the local community of Mioveni, NGOs, EURATOM/IAEA, suppliers. The stakeholder, and applicable legal and regulatory, requirements are integrated into the IMS processes, activities and documentation, and the set of verification, monitoring and control activities aims not only to meet these requirements, but also to increase stakeholder satisfaction. Regularly, stakeholders are consulted by applying them surveys and questionnaires.

38.2 NUCLEAR SAFEGUARDS (USE FOR PEACEFUL PURPOSES)

NFP has its own nuclear safeguard control system that is part of the National Nuclear Safeguard System.

The documents that define the nuclear safeguards activity in NFP are:

- Basic Technical Characteristics (BTC) (prepared by NFP for EURATOM in accordance with the provisions of the EURATOM Regulation no. 302/2005);
- Facility Specific Partnership Approach - prepared by the IAEA and EURATOM for NFP Pitesti and which came into force on 1 January 2012.
- Own CN-GN procedures.

In its manufacturing process, NFP Pitesti uses nuclear material based on natural uranium and depleted uranium, materials of nuclear interest - Zircaloy-4 and beryllium (dual-use material).

The nuclear safeguard system of NFP is described in detail in the NFP documents sent to EURATOM (BTC), the NFP Integrated Management System Manual (MM-CN), the nuclear safeguard procedures, and the technical and administrative procedures.

Details about how NFP meets the needs and expectations of stakeholders, as well as about the responsibilities of the departments involved are provided in the specific procedures.

38.3 ADDRESSING UNSCHEDULED BUSINESS SHUTDOWN IN THE SYSTEM MANAGEMENT

Taking into account that, before 2020, NFP Pitesti did not encounter any situation that required an unscheduled business shutdown, the need for such a programme had not been considered.

With the first case of the Acute Respiratory Syndrome 2019-nCoV reported in Romania, NFP Pitesti prepared the *CONTINGENCY PLAN for the Acute Respiratory Syndrome 2019-nCoV, caused by the SARS-CoV-2 coronavirus*, with the following objectives:

- *Protection of the NFP-Pitesti staff protection against contamination with the SARS-CoV-2 coronavirus*
- *Safe shutdown of the NFP plants if so demanded by the developments in the Coronavirus epidemic/pandemic.*

It was upgraded according to the developments of the SARS CoV-2 syndrome in Romania and the requirements of the regulatory acts issued by the Ministry of Health, the Ministry of Internal Affairs and the National Committee for Special Emergencies.

The Contingency Plan considered the following:

- Determination of measures for the safe **operation** and **shutdown** of the plant;
- Identification of the essential functions for the activities that must not be discontinued;

- Ensuring the continuity of the activities involving essential functions;
- Setting the criteria for activation of the contingency plan on site;
- Measures to prevent and control the infection with SARS-CoV-2;
- Identification and determination of the human, material and financial resources required to implement the contingency plan;
- Ensuring implementation of the measures ordered by public the authorities.

The Contingency Plan can be applied to any other situation that requires the unscheduled business shutdown as it can be updated depending on the situations that could occur in the future.

38.4 ADDRESSING RADIOLOGICAL EVENTS IN THE MANAGEMENT SYSTEM

The triggering events provided for NFP were reviewed in the document Final Nuclear Safety Report for NFP Pitesti branch (FSR). The report's conclusions confirm the absolutely immaterial nature of the impact on the environment, workers and population of the area concerned, both under normal operating conditions and under considered accident conditions. As to inclusion of the set of defined triggering events under review on the INES scale, in accordance with the specifications and criteria laid down in the AIEA International Nuclear and Radiological Event Scale (INES) documentation, User's Manual, it is concluded that none of the events under review reaches Level 1 (Anomaly).

Considering the risks raised by a potential accident at NRI Pitesti for the staff of NFP and NRI, protection and intervention measures in the event of a nuclear accident were provided in the Nuclear or Radiological Emergency Response Plan developed by NFP, in accordance with the Law no. 111/1996, republished, on the safe performance, regulation, authorization and control of nuclear activities, as subsequently amended and supplemented, and the NCNAC Rules concerning emergencies. Also, in accordance with Law no. 111/1996, republished, and with Orders no. 146/2018 on prevention, preparation and response to emergencies, and no. 61/113/2018 approving the Regulation for the management of emergencies specific to nuclear or radiological risk, NFP concluded with NRI – Pitesti, the Collaboration Protocol between RATEN Pitesti Nuclear Research Institute and SNN Pitesti Nuclear Fuel Plant, for on-site or general emergencies.

The plan is revised every 3 years or whenever necessary, and it is subject to review by NFP, ISU-ARGEŞ and NCNAC. Regularly, scheduled drills take place for different types of emergencies, with the participation of NRI-PITESTI and, as applicable, of the public authorities (ISU-ARGEŞ, DSP, Argeş Gendarmerie, the Ambulance Service, NCNAC, etc.) and their effectiveness is assessed.

In NFP, preparedness for emergency and the response capacity are in keeping with the requirements of the following procedures: CN-SU-01 "Identification, assessment, classification and declaration of nuclear or radiological emergencies", CN-SU-02 "Notification of the public authorities, NCNAC, SNN and other institutions in case of nuclear or radiological emergencies", CN-SU-04 "Preparation for response to emergencies", CN-SU-05 "Response to emergencies", CN-MM-07 "Preparation for

emergencies with environmental impact and the response capacity", CN-PSI -20 "Fire Safety", and CN-PSI-22 "Training of the NFP staff on emergencies".

Important events, falling in the category of significant events, as well as the results of their review and assessment are reported to NCNAC in accordance with the provisions of the procedure CN-SN-03 "Event reporting to NCNAC"

The requirements and responsibilities for registration, internal reporting, event analysis and use of operational experience, including the relevant external operating experience shared by other nuclear facilities, are dealt with under the procedure CN-AC-72 "Use of operating experience".

38.5 RADIOLOGICAL RISK ASSESSMENT MODE IN THE MANAGEMENT SYSTEM

With a view to keeping the radiological risk as low as possible, NFP Pitesti undertakes the following actions:

- Provision of initial training, and of regular refreshment training of its own staff;
- Provision of training to the external staff before commencing any work in NFP premises
- Putting in place an integrated system of procedures and work instructions aimed at preventing and reducing the potential radiological risks
- Provision of collective and individual protective equipment
- Provision of the radiological monitoring of workers and the work environment
- Provision of health supervision for workers

38.6 MEANS OF ADDRESSING RADIATION EXPOSURE FOR EMPLOYEES AND COMMUNITY IN THE MANAGEMENT SYSTEM

NFP has devised and put in place documented radiological protection policies and programmes, taking into account the radiological risks specific to the activities carried out and compliance with the legal and regulatory requirements issued by NCNAC, as well as with the principles and requirements set by the relevant international organizations and commissions.

Optimization of radiological protection relies on the optimization principle provided by the radiological safety rules issued by NCNAC (known as ALARA) for minimization of the collective and individual exposure, taking into account economic and social factors.

The practices and programmes related to radiological safety and radioactive waste management are presented in the Radiological Safety Manual (RSM), a document that describes:

- 10 the programmes applied in NFP - the Radiological Protection Program (RPP) and the Waste Management Program (WMP), which prove and ensure compliance with the regulations in force;
- 20 the radiological security and radioactive waste management practices applied in the manufacture of CANDU 6 nuclear fuel;
- 30 The Radiological Protection Control Plans developed prepared to help measure, monitor and control the activities that pose a radiological risk with a potential effect on the occupational health and safety of the staff.

The design, technical and administrative measures implemented in NFP for protection against ionizing radiation include:

1. Radiological zoning
2. General and local ventilation
3. Storage spaces
4. Boxing and protection screens
5. Determination of dose limits
6. Radiological monitoring of work environment and the external environment
7. Monitoring radioactive effluents
8. Radiological monitoring of occupationally exposed staff, etc.

In NFP, radiological monitoring takes place systematically and based on procedures, and includes both the operating staff and the work environment where they render the work, as well as the relevant environmental factors outside buildings.

For the staff, external and internal exposure to ionizing radiation is monitored, and in work areas, external exposure, radionuclide concentration in air and radioactive contamination of surfaces are monitored at certain critical points, in places prone to exposure to radiation.

In the RSM, under the Radiological Protection Programme (RPP) of NFP, Documentary Control Limits (LCA) are set with the aim of achieving good protection against ionizing radiation for the occupationally exposed staff of the plant, external workers, contractors, visitors, population and the environment.

When the results of radiological protection measurements and of the environmental factors are below the LCAs, this means that the activities are safely carried out; their exceeding could mean somewhat unsafe conditions that must be addressed. LCAs are not final and they are continuously changed as the system for protection against ionizing radiation and the management of radioactive and/or hazardous waste are improved.

In NFP Pitesti, radiological monitoring of workers, the population and the environment takes place as described in the Radiological Safety Manual and in the specific radiological safety procedures.

	2019	2020	2021	2022
Collective effective dose [man /mSv]	547,094	494,038	505,37	476,002

Collective dose from external exposure [man/ mSv]	485,762	444,772	449,331	428,118
Collective dose from internal exposure [man/ mSv]	61,332	49,266	56,039	47,884
No. of monitored persons	372	392	392	373
Maximum effective individual dose [mSv/year]	10,547	9,789	9,45	9,187
Maximum individual dose from external exposure [mSv/year]	8,430	7,964	7,869	7,873
Maximum individual dose from internal exposure [mSv/year]	3,104	2,801	1,705	1,694

The annual effective dose limit for occupational exposure under current legislation is 20 mSv/year.

The Administrative Control Limit (ACL) for the annual effective dose prescribed by the RSM (FCN Radiation Safety Manual) for occupationally exposed personnel in the FCN is 15 mSv/year

Population exposure

Considering that NFP Pitesti is located on the same platform as RATEN-NRI, monitoring of the population exposure due to the activities taking place on the platform is the responsibility of RATEN-NRI, and these activities are monitored and reported on to NCNAC by them.

38.7 HOW DECOMMISSIONING IS ADDRESSED IN THE MANAGEMENT SYSTEM

In 2004, NFP prepared the *Preliminary Decommissioning Plan*. The plan tackles the following issues:

- a) NFP decommissioning is closely related to the end of operation for the units in service at Cernavoda NPP;
- b) NFP decommissioning and the release from the authorization regime of the NFP buildings and plots of land must be linked with RATEN-NRI decommissioning, as the area occupied by NFP is included in the NRI premises, and the return of the land for public activities must take place at the same time as the ecological reclamation;
- c) the rule applicable in NFP for decommissioning is *NMR-03 "Radiological safety rules for decommissioning of mining and/or uranium and/or thorium ores preparation facilities - Criteria for the release from the NCNAC authorization regime for the use of buildings, materials, plants, dumps and land contaminated by mining and/or uranium and/or thorium ores preparation activities"*;

In addition to the above, in 2022, RATEN-CITON issued the *Final Nuclear Safety Report* where the Decommissioning Plan is briefly described, as follows:

- Decommissioning strategy
- Decommissioning plan
- Requirements for the permit holder's responsibilities related to decommissioning
- Financial securities and decommissioning costs

38.8 DECOMMISSIONING WASTE

In years 2019-2022, no decommissioning activities took place in NFP Pitesti.

NFP Pitești has not planned to decommission any plant, considering that, for Units 1 and 2 of Cernavodă NPP, for which it supplies the fuel bundles, there are plans to extend their lifetime by another 30 years.

38.9 CONTINUOUS IMPROVEMENT TO REACH THE HIGHEST STANDARDS

With a view to attaining the environmental targets, NFP Pitesti prepares, on an annual basis, the Environmental Management Program setting out measures and actions able to lead to attainment of the set targets and implicitly to attainment of the environmental objectives.

The recorded results are monitored on a monthly basis, and whenever a negative trend in reaching the targets is observed, corrective actions are determined.

When new environmental targets are set, the previously recorded values are fed in so that the newly-set targets support the environmental protection performance.

Care for people

-GRI 103-1, 103-2, 401-1, G4-DMA, 403-1, 403-2, 403-3, 403-5, 403-6, 404-1, 404-2, 405-1, 406-1, 407, 412

39.1 MANAGEMENT OF THE HUMAN CAPITAL

As to human capital management, the Company is involved and constantly invests in ensuring the quality of workers through training and continuous training and by promoting meritocracy, as a component of the motivation system documented and implemented in SNN SA.

The nuclear energy industry particularly places on the staff selected for management, coordination and supervision position, in the processes carried out in the Company, requirements at the highest standards of professional competence and ethics in the specific field of activity, giving priority to the nuclear safety considerations before any other considerations.

The significant achievements of 2022 in SNN, in terms of the workforce-related performance processes, are summarized below:

- A comprehensive succession planning process was devised and put in place at corporate level. The overall process includes identification, selection and development of applicants for the future leadership roles;
- Successor development is planned and monitored under the newly devised individual development plans (IDPs). These IDPs include elements, such as: Short and long-term objectives, learning objectives and activities to support them, training needs/activities, as well as experiential roles/activities needed for development. These IDPs were devised further to the industry benchmarking;
- The corporate positions critical to the Company's success have been identified and included in the succession planning process.
- The specific procedures describing the succession planning process have been updated and harmonized between the SNN headquarters and the two branches;

A SNN-wide Report Card was devised and implemented in 2021, and it includes the main HR indicators to ensure good visibility of the performance of the HR processes across the organization.

39.2 HUMAN RIGHTS AND COMMUNITY COMMITMENT TO RESPECTING THE HUMAN RIGHTS

The rights and obligations of the employees, as laid down in the Collective Bargaining Agreement of SNN, abbreviated as “CBA”, as well as in the Internal Regulation of SNN, are worded with respect for human rights, the right to work enshrined in the International Charter of Human Rights, and the principles of the fundamental rights set out in the Declaration of the International Labour Organization on the principles and fundamental rights at work, including their transposition into the applicable labour relation legislation, in observance of the principles of consensus and good faith, that are the pillars of labour relations.

The human resources strategies and policies, and the action lines of the administrative and executive management are aimed at respecting the human rights in accordance with international and domestic legislation. For this purpose, Nuclearelectrica, through its policies and strategies, focuses on: the principle of equal rights and equal opportunities, the right to life, to health protection and the right to a healthy environment, the right to defence and non-discriminatory access to justice, individual freedom and the right to free movement, freedom of expression, freedom of information, the right to elect and be elected, the right to work and the right to strike, the right to association, the protection of people with disabilities, the right to petition, the right to legislative initiatives, the protection of children and young people.

Under the SNN Collective Bargaining Agreement, the Internal Regulation of SNN SA and the specific procedures developed in the Company, the Company manages all aspects related to respect for human rights, including respect for freedom of association, prevention of human trafficking for all forms of exploitation, forced labour or obligations related to child labour, work in precarious and unsafe conditions, with no such situations being reported in years 2019-2022.

Employees are permanently applied an equal and non-discriminatory treatment, as per the international nuclear industry standards, read in connection with the domestic legislation and the incentive packages adapted to the macroeconomic and microeconomic context of Romania.

The SNN Code of Business Conduct, the SNN Management Manual coded SNN-MSN-001 rev. 17 and the SNN Policy Statement on the Management System coded SNN-POL-SM contain the commitment of the Company's management to the Responsibility assumed to avoid causing or taking part in any adverse impact on the human rights in the SNN activities, and to tackling this impact when it occurs, as well as to prevent or mitigate the adverse impact on the human rights that is directly related to the production activities of SNN.

The commitment to respect the human rights is also found in the SNN values:

- **safety and sustainability**, *the safety of the team, the population and the environment, nuclear safety and long-term sustainability are and remain our priority;*
- **care for employees**, *every member of the SNN team is valuable, and every position is an important part of the organization's success. Each of us must be proud of our personal contribution and at the same time, responsible for the continuous professional development and future preparation of the team we are part of and of the new members;*
- **professional excellence**, *in everything we do, we aim to achieve and sustainably maintain the highest performance targets;*
- **empathy and responsibility**, *colleagues, families, communities, partners, suppliers, clients, the Romanian economy as a whole depend on each of us and our work*
- **sustainable development**, *everything we do today has an impact in the future and we want that impact to be positive.*

39.3 IDENTIFICATION OF THE ACTIVITY-SPECIFIC CHALLENGES RELATED TO THE RESPECT FOR HUMAN RIGHTS

In SNN, identification of the important issues related to the respect for human rights are carefully reviewed; thus, the content of the human resources policies, the CBA provisions and the 2019 - 2022 SNN Management Plan are adapted to the specifics of the nuclear industry, thus ensuring that the culture and organizational climate follows the ideal according to which nuclear safety takes precedence, and that nothing is more important or of higher priority than this.

The organizational culture of SNN is based on the general beliefs of the company members: Safety First, awareness of the importance of nuclear safety and security in all conducted activities, as well as focus on continuous improvement in the search for professional, operational, equipment, training, economic.

SNN adopted the WANO (World Association of Nuclear Operators) & INPO (Institute of Nuclear Power Operations) principles of the continuous improvement culture "Staying on top", and embedded them in the organizational culture and the nuclear safety culture put in place in SNN.

39.4 OVERSIGHT AND RESOURCES

In SNN, the joint management - trade union commission was set under Decision of the SNN management (at the date of this report, the commission was updated by the SNN Decision no. 525/21.12.2022), which has the following main duties and powers, as laid down in the CBA applicable to SNN:

- to give a consistent interpretation of the CBA clauses;
- to review and address the employees' complaints about how the management of the SNN units settle their applications, reports and complaints related to application of the CBA and of the labour relations legislation;
- at the request of employees, to try to settle amicably the potential situations that fall under the jurisdiction of the courts, before bringing up the matters concerned before them. The amicable settlement will be addressed as a matter of urgency, so as not to affect the statutory time-limit for bringing the matter before the court of jurisdiction. Amicable settlement of disputes prevents court proceedings;
- to follow up on the application of the CBA, the Internal Regulation, the Employee Code of Conduct in the nuclear field, the legal provisions and other agreements concerning labour relations;
- to report to the management of SNN and, as the case may be, to the Board of Directors any infringements of the legal provisions, the CBA and other agreements concerning labour relations;
- to carry out any other duties provided by the law and/or resulting from the own Functioning Regulations, as annex to the CBA;
- to draw up reports at the request of any of the parties regarding compliance with the CBA, the Internal Regulation, the Employee Code of Conduct in the nuclear field, the legal provisions and other the agreements concluded under the terms of the law, which they make known to the management of the Company, as well as to the management of the trade union;

39.5 COMMITMENT TO RESPECT THE HUMAN RIGHTS TRANPOSED INTO THE CORPORATE PRACTICE

All SNN workers have access to the human resources policies, the CBA, the Internal Regulation and the Employee Code of Conduct in the nuclear field, and the Code of Business Ethics and Conduct, available on the Company's intranet. As part of the works/services provided by contractors, the procurement documents contain requirements related to compliance of the services/works provided with the applicable legal requirements, and they are to conclude agreements regarding the access to the SNN units and agreements on the sharing of the occupational health&safety and emergency responsibilities, which also contain provisions that support to the respect for human rights.

The Internal Regulation of SNN, which sets out the rights and obligations of the employees and of the employer, including rules on non-discrimination and infringement of the human dignity, rules on

conflicts of interests, rules on the disciplinary procedure and rules on the processing of the employee applications or complaints, is made known to the employees, who acknowledge under their signature that they are aware of the provisions of this Regulation.

A "Welcome" presentation is available for newly hired on the Company's intranet, as part of their induction programme, which contains references to the human resources policies, the CBA, the Internal Regulations and their availability on the Company's intranet.

The Internal Regulation sets out the obligation of the management of SNN and of its units to respect the rights and obligations of the employees under the SNN CBA and this Internal Regulation, in the collaboration or JV agreements concluded with Romanian or foreign partners, throughout their entire collaboration.

39.6 ASSESSMENT AND MITIGATION OF THE IMPACT ON HUMAN RIGHTS

In SNN, the organization and functioning of the Ethics Committee, as well as the statute of the ethics advisors of the Company are regulated under the Procedure RU-00-11; thus, the work of the ethics advisors, which also covers assessment and mitigation of the impact on human rights, ensures the following:

- Management and development of the Company's ethical values, ensuring compliance with the ethical rules of business conduct, in all company structures and at all levels;
- Coordination and supervision of the development, interpretation and implementation of the ethics policies and programmes;
- Analysis of the situations disclosed in referrals/reports concerning infringement of the ethics standards, policies and procedures of the organization and their referral to those having authority to address them;
- Advising employees on how to approach certain situations so that no ethics rules are infringed;
- Participation in the investigations carried out on infringement of the Company's code of conduct and the internal rules, and making recommendations for the lawful settlement of the case;
- Delivery of training on ethics and compliance with the rules of the organization, as well as regular communications about ethics, compliance with the rules and business conduct requirements;
- Integration of the newly hired into the ethical environment, compliance with the rules and the business practices of the Company;
- Measurement and management of the Company's performance in terms of ethics and compliance;
- Preparation of quarterly reports on compliance with the conduct rules by the unit's employees.

Any matter that affects human rights is reviewed and reported by the ethics advisors, and should any form of violation of the human rights be found, disciplinary procedures are initiated in accordance with the legal provisions and the Internal Regulation of SNN.

39.7 STAKEHOLDER ENGAGEMENT IN THE RESPECT FOR HUMAN RIGHTS

The corporate CBA provisions, which set out the rights and obligations of the employees and of the management of the Company, are the outcome of a negotiation process between the Company's management and the representative trade union, namely the Cernavoda NPP Trade Union, legally set up in SNN. The CNN CBA negotiation took place in 2021, following the legal procedure set out in the Social Dialogue Law no. 62/2011 then applicable, the CBA is valid for two years as of 1 October 2021, and is legally registered with the Bucharest Territorial Labour Inspectorate (TLI) under no. 194/27.09.2021.

During the CBA application period, the joint management-trade union committee met 9 times before 31 December 2022 in order to clarify application of certain provisions of the CBA; each meeting of the joint management-trade union committee was documented in Meeting Minutes and concluded with Resolutions on the items submitted for debate on the agenda of the meetings.

As of the CBA's effective date and until 31 December 2022, the CBA negotiation committee CCM legally met to supplement certain CBA provisions, i.e. mainly to harmonize its provisions with the legislative amendments passed during this period and bring clarifications as to application of some provisions. After these meetings of the CBA negotiation committee, Collective Bargaining Minutes were signed and two Addenda were duly executed to the CBA, which were legally registered with Bucharest TLI under no. 2/29.09.2022 and no. .3/14.12.2022.

To these add the consultation of stakeholders on the matter of the respect for human rights, specifically on the preparation of the materiality matrix. The categories of stakeholders consulted are: business partners, non-governmental organizations, media, education establishments, and institutions.

39.8 REPORTING MECHANISM

The Company's Organization and Functioning Regulation lists the Company's organizational entities that process the complaints filed by individuals or communities affected by SNN's business activities. These complaints are registered and addressed in accordance with the applicable legal provisions.

39.9 HUMAN RIGHTS VIOLATION INCIDENTS

SNN did not register any cases with a major impact on human rights related to the current business or the decisions adopted in years 2019 - 2022. Receipt and settlement of any complaints, minimization of the instances of violation of human rights and adoption of settlement measures are regulated under the Ethics Committee's Regulation.

Year	2019	2020	2021	2022
Number of incidents	0	2	0	2

All cases have been addressed.

39.10 POLICY ADDRESSING THE CHILDREN'S RIGHTS TO EDUCATION

Under the Nucleus of Care platform, Nuclearelectrica invests 40% of its sponsorship budget in education programmes, scholarships and supporting access to education for children and young people.

Also, SNN has a tradition in paying attention to the training of young specialists and provision of support to the university programmes by supporting traineeships and involvement of students in addressing topics of current interest and interest for SNN SA in their school practice papers and bachelor's or master's degree papers.

As of 2021 and further on in 2022, the Company implemented the training programme for young specialists as a "dual school", with 3-year partnership contracts concluded with the vocational education units, in accordance with the applicable legislation; this programme supplemented "Young Nuclear Specialist" Programme initiated and implemented as of 2021, for the training of a new generation of specialists, which is expected to continue in the following years. The "Young Nuclear Specialist" programme aims to attract scholarship holders from both universities and the professional environment, who are to attend the traineeship programmes in SNN units during the entire period when they receive the scholarship, and at completion of the programme, to work in SNN units a given time period.

The management team of SNN SA aimed to develop the collaboration with the academic environment through a greater involvement in training of young people so that they acquire practical skills and become aware of their expectations and needs, and the Company adapt its existing programmes, mainly in the operational activities, to these with a view to increasing the attractiveness of SNN and gaining recognition for the employer brand.

When Law no. 177 of 19 July 2018 on internships was passed, SNN SA appreciated the significant contribution it brought to enhancing the professional quality, both informal and formal, of young specialists, by attracting, motivating and actively involving them in the Company, an appreciation which is confirmed also by application of this form of attracting and developing young specialists in SNN in 2021 and 2022.

The strategic action lines of SNN in terms of training the young generation of specialists, which is also part of the Nucleus of Excellence internal platform launched in 2022, consist of:

- Involvement the young generation of specialists in the early training by participating in the national programme "Educated Romania";
- Involvement of SNN specialists in adaptation of the university and vocational secondary education curricula in the fields of activity specific to generation of electricity from nuclear sources;
- Attracting partnerships for training and coaching of young specialists, including SNN scholarship beneficiaries, in areas of specialization specific to the activities carried out in SNN and to the development projects run by the Company;
- Equipping the school and university laboratories with equipment to increase the school performance of pupils and students.
- Offering scholarships, traineeships, internships, access to dual and vocational school programmes, mentoring, etc.
- Participation in job fairs and vocational and mentoring programmes to provide advice and guidance to young people in pursuing a career in the nuclear industry

39.11 COMMITMENT TO LOCAL EMPLOYMENT

The annual recruitment programmes put in place in the Company based on strict staff selection policies, in line with the standards of excellence of the global nuclear industry and with the requirements of the Nuclear Safety Rules issued by NCNAC.

In this context, without prejudice to the competence requirements and the principles of transparency and non-discrimination that characterize the SNN staff recruitment process, actions were determined to attract young specialists and ensure the generational changeover, taking into account the particularities of the nuclear industry that is time-intensive when it comes to training specialists, i.e., about 7 years are required on average. Thus, as of 2021 and further on in 2022, mass employment programmes were run for young graduates of higher technical education, who are to go through a complex programme of practical and theoretical training in order to gain competencies and skills for the safe operation of the electricity generation facilities of the nuclear plants.

For all vocational school and dual school programmes in which SNN acts as a partner and is actively involved in training young trainees under traineeship and educational support programmes, at the end of the years of study, their graduates will be invited to work in the Company.

Likewise, all participants in the scholarship programmes and the internship programme organized by SNN are directly employed by the Company if they successfully complete their education, and the internship programme.

The job openings are made known in the local communities, in order to facilitate access for the local community members to competitive and stable jobs, that come packed with benefits. Most of the employees of the branches Cernavodă NPP and NFP Pitești come from the local communities.

As of 2021 and further on in 2022, the SNN Report Card includes a performance indicator concerning the occupancy rate in the Company's organization chart; the evolution of this indicator in 2021 and 2022 is show below:

Year 2021

Year 2022



38.12 SPECIFIC RESULTS

Performance of the programmes aimed at training and attracting young specialists to the Company had the following results in years 2021-2022:

Number of young people employed to SNN further to the internship programmes	19 persons
Number of young people attracted by programmes intended at young graduates	58 persons
Total number of young people attracted further to the SNN's programmes intended at training young specialists	77 persons

The dual-school and vocational school programmes were initiated in 2021 and last three years, so the results of these programmes can only be quantified as of 2024.

The "Young Nuclear Specialist" scholarship programme was commenced in 2021, and its first graduates are secured a job with SNN as of 2023, the year where the first scholarship beneficiaries are to graduate from higher education. The programme is deployed annually.

39.13 INVOLVEMENT OF EMPLOYEES IN VOLUNTEERING ACTIONS

The Company's management got involved in facilitating participation of SNN employees in volunteering projects; so, between 2019 - 2022, volunteering actions concerning environmental protection (tree planting) and education (different programmes and CSR partnerships with lecturers and career guidance) took place with participation of SNN employees, in the framework of the internal programme "Ambassador for Good".

39.14 WORK STANDARDS

39.14.1 Preventing forced child labour

According to the provisions of the CBA applicable in SNN, the staff must be at least 16 years old to be employed and must have graduated secondary education; for activities and jobs subject to special/particular conditions, the employment age is at least 18 years.

The CBA also contains a provision placing an obligation that any other restrictions regarding the minimum employment age under by law are observed.

39.14.2 Preventing forced labour

The internal regulation applicable in SNN, as approved under the SNN Decision no. 148/30.03.2022, contains, in accordance with the applicable legal requirements, the principles that underpin employment relationships in the SNN:

- protecting/observance of the fundamental rights and freedoms of individuals;
- ensuring the necessary conditions so that all activities performed by SNN employees are carried out effectively and are free of bias, corruption, abuse of power and/or political pressure;
- selection of the staff exclusively according to their competence and compatibility with the work system and the value system of the Company;
- **elimination of any form of forced labour**, observance of the non-discrimination principal and removing any form of human dignity violation;
- equal opportunities at employment, advancement, promotion and rewarding of employees;

- objective judgment of situations that lead to employees being sanctioned or terminated their employment relationships;
- freedom of expression and social dialogue;
- right to association and trade union freedom;
- prohibition of any political activities in the premises of SNN units.

The Code of Business Ethics and Conduct published by SNN on the Company's website contains a reference to these principles, that are the pillars of the employment relationships in SNN.

39.14.3 Discrimination prevention

In SNN, we always show the respect we pay to all the parties we interact with. In our daily activity, we interact with people of different ethnicities, cultures, religions, political beliefs, ages or gender, as well as with people with disabilities and of different sexual orientations. The diversity of our staff is one of our greatest assets as it allows us to benefit from a variety of professional and educational knowledge and points of view. Integration of these differences helps increase our agility and ability to adequately respond to the changes taking place in our business environment and allows us to work more cooperatively.

The Collective Bargaining Agreement and the Internal Regulation applicable in SNN contain details rules prohibiting direct or indirect discrimination employee, on grounds of gender, sexual orientation, genetic features, age, national affiliation, race, colour, ethnic origin, religion, political options, social origin, disability, family situation or responsibility, trade union membership or activity.

Also, the Code of Business Ethics and Conduct, published by SNN on the Company's website, contains provisions about the non-discrimination policy applied in the Company.

39.14.4 Equal pay for equal work

The salary of the SNN staff is consistently regulated under the Collective Bargaining Agreement, which contains a hierarchy of positions and trades in the SNN, contains salary limits for each hierarchical level depending on the complexity of the work, and the degree of technicality and professional competence specific to the positions of the Company's organization chart.

Salary negotiation is sensitive to the requirements contained in the Job Description (enclosed to the Individual Employment Agreement), and considers a comparative evaluation with the average income earned in similar activities at national and international level; thus, a salary the amount of which is determined in accordance with the limits of the Hierarchy List of Positions, included in the SNN CBA, is obtained.

The Company currently applies a template Individual Employment Agreement for both limited-term employees, and those employed under open-ended contracts. The Individual Employment Agreement implemented under the SNN CBA contains provisions in accordance with the applicable national legislation and observes the clauses laid down in the Order no. 64/2003 approving of template Individual Employment Agreement.

39.14.5 Right to free association

The right of association and trade union freedom is one of the principles of the working conditions in SNN, and is provided the Internal Regulations of SNN and in the Company's CBA. The right to free association of SNN employees is laid down in their Individual Employment Agreement.

39.14.6 Collective bargaining policy

The relationship with trade unions is permanent and consists of meetings/consultations; the provisions of the SNN CBA are negotiated after on-going consultations of the Negotiation Committee appointed both by the management and by the representative trade union operating in the Company, in accordance with the provisions of Law no. 62/2011.

The management plan of SNN for years 2019-2022 contains provisions concerning collective bargaining, which takes place according to the legal provisions applicable to conclusion of the corporate Collective Bargaining Agreement; thus, over the entire period 2019-2022, a Collective Bargaining Agreement, duly concluded and legally registered with Bucharest TLI, was applicable as the outcome of a bargaining process, in accordance with the applicable legal requirements.

39.14.7 Policy addressing excessive working hours

The employees' work is rendered according to the work programme set out in Annex I3 to the SNN Collective Bargaining Agreement, respecting the normal length of the working time set out in the Labour Code - Law no. 53/2003, as subsequently amended and supplemented.

The duties of each employee are listed in the job description prepared in accordance with the provisions of the Organization and Functioning Regulation ("ROF"), as updated in 2022 in accordance with the approved organizational structure of the Company, which covers all organizational entities of SNN, including the Company's Branches, and pinpointing the subordination and process coordination relationships, including between the headquarters and branches. The ROF

was updated in 2022 and was approved by the SNN Board of Directors under the Decision no. 79/28.04.2022. The ROF details the main activities, duties and tasks of each SNN organizational entity, as well as the interfaces between the processes carried out by the functional departments of the Company's organizational structure.

39.14.8 Right to minimum wage

The SNN Collective Bargaining Agreement contains provisions regarding the minimum wage and the living wage in the Company; the functions and trades in the SNN are ranked in a list enclosed to the CBA, whereby which the minimum wage limits for each trade or position in SNN are set. Under the Individual Employment Agreement, the base salary of each employee is negotiated individually, within the limits of the Hierarchy List of Positions enclosed to the CBA.

According to the Management Plan of SNN for the period 2019 – 2022, the current market context at national, regional and international level demanded for a redesign of the human resources strategy focusing on:

- individual values;
- motivation for individual and team performance;
- flexibility to market changes that alter the balance point between demand and supply;
- a functional and hierarchical structure adapted to the objectives set to attain the projected performance;
- redesigning the individual performance indicators attached to the SNN objectives;
- good practices;
- investment in innovation and organizational know-how.

39.14.9 Company's involvement initiatives related to the labour standards

The company makes it easier for employees to participate in national and international symposia and workshops in order to attract know-how to the Company.

Also, the affiliations to recognized international bodies (WANO, AIEA, COG, and others) are aimed at improving the Company's performance.

OPEX meetings are regularly held in the Company with other companies of the nuclear industry in order to stay up-to-date with the best practices, and avoid unwanted situations in the aftermath of labour system events that took place in the nuclear energy industry, plus consultations on specialty topics.

39.14.10 Policy addressing the community

In 2022, SNN launched the Nucleus of Care platform, which is a one-stop-shop for all the Company's responsibility programmes intended to communities, as well as the Nucleus of Excellence platform,

which deals with recruitment programmes, the employer brand and the workforce training. The bulk of these programmes are intended to the local communities, and concern recruitment of local employees, as well as granting of sponsorships to local projects and programmes, such as refurbishment and provision of equipment to schools, high-schools and hospitals, leisure centers and sports halls, etc.

In 2022, SNN invested in the area of Cernavodă-Constanta, under the Nucleus of Care plan, as much as RON 1,220,632.4 as support afforded to 15 projects: 1 healthcare project was supported with RON 12,000; 10 education projects received the amount of RON 504,770; 4 miscellaneous projects were supported with RON 703,862.4; in the Pitești-Mioveni area, SNN supported 10 projects in 2022, with a total amount of RON 2,279,400: 3 healthcare projects were supported with RON 1,247,000, and 7 education projects received a total support of RON 1,032,400.

In the area Târgoviște-Doicești, where SNN envisages developing the project of small modular reactors, in 2022, SNN invested RON 1,300,000 in 5 projects (1 healthcare received RON 388,000; 1 education project received RON 57,000, 2 environmental projects received RON 725,000, and 1 social project was supported with RON 160,000.

Also, SNN is a partner in the National Programme "Educated Romania" and runs programmes intended to disadvantaged groups, including those coming from disadvantaged settings, with precarious social status and without formal education or qualifications, by delivery the dual school and vocational school programme, with a three-year cycle; these programmes are in progress since 2021 and have 46 students who will complete the training in 2024; all graduates of these programmes will be made, upon successful completion of the courses, job offers in SNN.

39.14.11 Policy on labour standards

All human resources policies and the Company's Organization and Functioning Regulation are available to any employee on the Company's intranet.

The Code of Business Ethics and Conduct, applicable to all management members, employees, consultants, staff, and partners who carry out their activity in SNN, contains the fundamental values that must be observed and advance a fair attitude, so that observance of the criteria laid down in this Code can help build a prosperous business, based on healthy, upright and transparent principles.

Regularly, the management of the Company sends out communications to the entire staff concerning the work standards, the achievements and the important labour programmes carried out in the Company, by email newsletter and intranet.

39.14.12 Assessment of work risks

The risks related to the human resources activities carried out in the Company are identified, assessed and controlled by means of the "ARM - Risk Management" computer application, especially developed and consistently implemented across the Company. These risks are attached to both current and future projects. Risks are assessed quarterly.

39.14.13 Actions addressing the workforce

The CBA and the Internal Regulations of SNN contain details about how the issues concerning labour relations are reviewed and treated, including rules aimed to prevent forced labour and child labour, and mechanisms regulating the relationship between the trade union and the employer, the working hours regime (including overtime), as well as competitive waging benchmarked against the national economy and the nuclear energy industry.

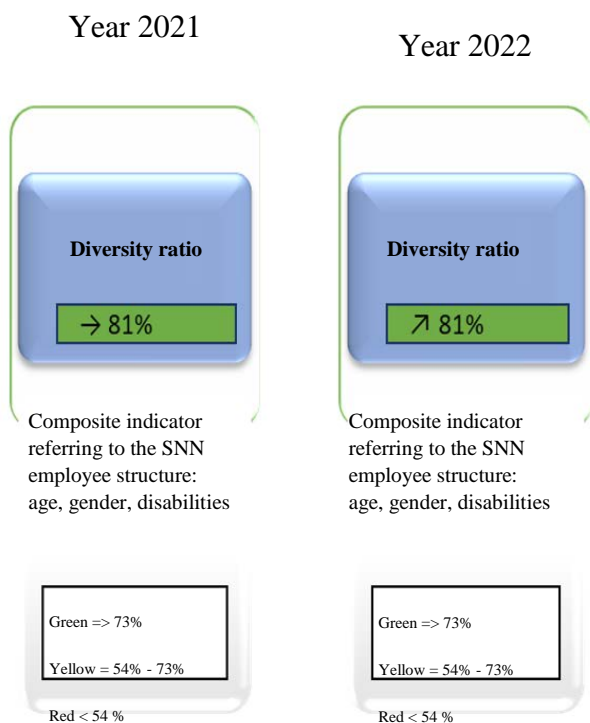
38.14.14 Actions to enhance diversity

As of 2021 and further on in 2022, the Company documented and maintained a Report Card across SNN, that also contains the main HR indicators; one of these indicators concerns diversity and is reported on the executive and administrative management, as part of the management's commitment to enhance diversity. The diversity indicator is a composite indicator that includes measurements of the share of young people under the age of 30 employed and retained in the Company, the ration between the male and female employees, and the number of employees with disabilities. This composite indicator is reviewed on a monthly basis and the average of the monthly values consolidated at Company level is usually found in the excellence range; the strategic action line concerning the control of the diversity indicator are:

- Involvement of Company in the early training of the young generation of specialists in the nuclear energy industry, both under the above strategic directions and by providing support for upgrading of laboratories, and to school workshops, internship programmes, scholarships, traineeships, dual school, study facilities, school/university competitions or participation in theme projects.
- Optimizing the management of internal communication by conducting research programmes on the workers' satisfaction with the organizational culture and climate, and organizing theme social actions to adapt behaviours to the mission, vision and values of SNN.

- Diversity tracking and monitoring is part of a broader strategy to improve representation within the organization;
- Collaboration with accredited national universities and other educational institutions has been improved and streamlined, with newly-set objectives for internships in the Company, in order to hire directly from a pool of graduates of university or relevant vocational education.

The composite diversity indicator has constantly evolved between 2021 and 2022, with the following values:



39.14.15 Failure to comply with the labour standards

For the failure of the parties involved to comply with the labour standards, the Company has defined a method to hold the employees concerned accountable or trigger their financial liability, and this is detailed in the Internal Regulation of the Company; this method complies with the provisions of the Labour Code - Law no. 53/2003 on disciplinary liability.

In years 2019 - 2022, there were no incidents of departures from the labour standards or the principles applicable to labour relations in SNN reported in the Company.

39.14.16 Employee training programme

SNN pays particular attention to the systematic training of its staff so that they can carry out their duties at the excellence standards of the nuclear energy industry; thus, the Company is involved and constantly invests in ensuring the quality of workers through training and continuous training and by advancing meritocracy, as a component of the motivation system documented and implemented in SNN SA.

The nuclear energy industry particularly places on the staff selected for positions important to nuclear safety and management, coordination and supervision positions, in the processes carried out in the Company, requirements at the highest standards of professional competence and ethics in the specific field of activity, giving priority to the nuclear safety considerations before any other considerations.

The significant achievements that started in 2021 and continued also in 2022, in SNN, in terms of the workforce-related performance processes, are summarized below:

- A comprehensive succession planning process was devised and put in place at corporate level. The overall process includes identification, selection and development of applicants for the future leadership roles;
- Successor development is planned and monitored under the newly devised individual development plans (IDPs). These IDPs include elements, such as: Short and long-term objectives, learning objectives and activities to support them, training needs/activities, as well as experiential roles/activities needed for development. These IDPs were devised further to the industry benchmarking;
- The corporate positions critical to the Company's success have been identified and included in the succession planning process;
- The specific procedures describing the succession planning process have been updated and harmonized between the SNN headquarters and the two branches;
- A SNN-wide Report Card was devised and implemented in 2021 and maintained in 2022, and it includes the main HR indicators to ensure good visibility of the performance of the HR processes across the organization.
- The evolution of the staff training indicator in years 2021 - 2022 is presented below:



The indicator places implementation of staff training plans in the excellence range, has constantly evolved, and will be improved through the following strategic directions aimed knowledge transfer and career plan development:

- Attracting specialist consultancy in knowledge transfer management and career plan development;
- Updating the professional training programmes available with the Company's training center of Cernavoda NPP, which are used to train the entire staff of SNN;
- Attracting consultancy programmes and specialized training for the trainers of the training center, in order to take up the know-how available at international level, particularly in the nuclear energy industry;
- Development of leaders through dedicated training and coaching programmes.

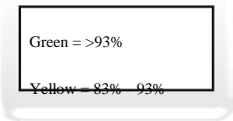
39.14.17 Management of succession programmes

In the Company's Report Card, the indicator that describes the management of the succession programmes is a composite indicator that includes a number of measurements for the degree of coverage of succession plans, training of successors and development of mentoring programmes. The composite indicator "Succession Plan" has been implemented as of 2021, and its evolution in years 2021 - 2022 is presented below:

Year 2021



Composite indicator with coverage of the succession planning, successor training and knowledge transfer

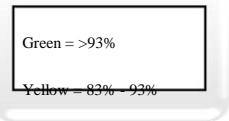


Red < 83 %

Year 2022



Composite indicator with coverage of the succession planning, successor training and knowledge transfer



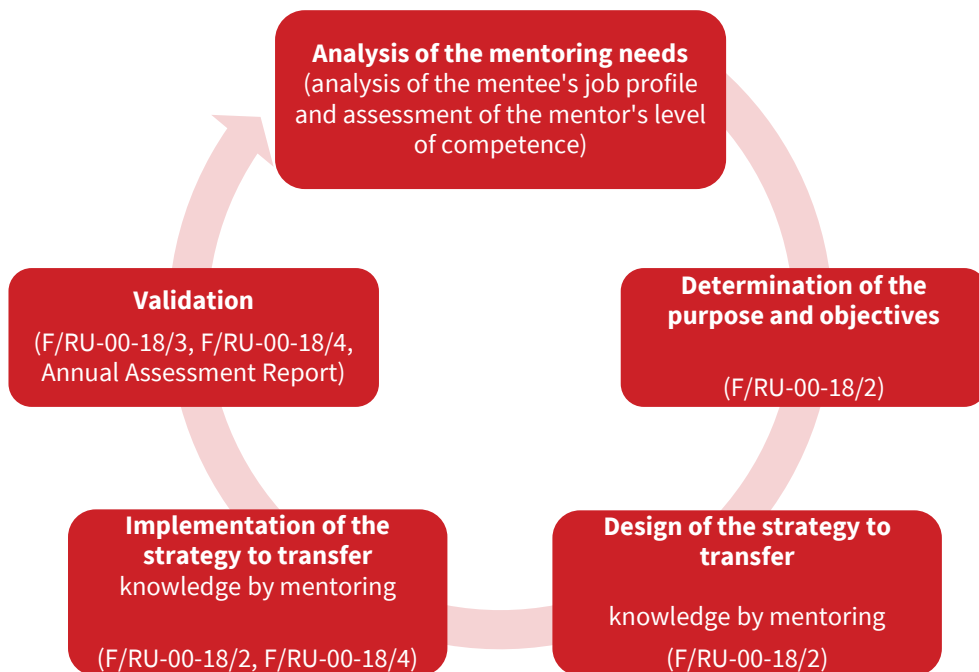
Red < 83 %

- The "Succession Plan" indicator was in the yellow zone in 2021, mainly due to the transfer of knowledge through mentoring techniques, which take time, mainly for completion of the mentoring programmes which last between six months or one year. The evolution of this indicator improved at the end of 2022, when its value entered the excellence range.
- The purpose of the succession planning activities is to ensure that adequate resources are available to quickly fill a sensitive leadership/coordinating position that has become vacant.
- The evolution of this indicator is monitored on a monthly basis during the MRM meetings, including as regards the attainment status of the preparatory actions included in the Individual Development Plans defined for each successor.
- The review of the progress made by the staff included in the succession plan for the sensitive management/coordinating positions takes place annually, within 10 days of the completion of the annual appraisal of the individual performance of the successor, by each line manager for the sensitive management/coordinating position directly subordinated to them, in collaboration with the line manager of the potential successor.
- The selected successors are included in the list of legal replacements for the holders of sensitive management/coordinating positions in the SNN executive team.
- The collective bargaining agreement and the specific procedure for employee promotion have been updated, so that the succession plans can be effectively applied.

39.14.18 Mentoring.

A critical element in the management of the succession programmes is the **transfer of knowledge through mentoring**; thus, the Company consistently applied the procedure RU-00-18 "Development and implementation of mentoring practices in SNN" across the entire Company to ensure that mentoring supports acquisition of the knowledge and practices needed to carry out the activities under quality and safety conditions, as imposed under the technical requirements, guidelines and specific nuclear safety standards to the younger specialists of the Company.

Mentoring is provided based on an individual mentoring plan consistently devised in the Company level, for each mentee. Performance of the mentoring sessions is in accordance with the SAT (Systematic Approach Training) mode, illustrated in the following chart:



All the mentoring programmes initiated in 2021 were successfully completed by the end of 2022. The mentoring process continues; the mentoring programmes initiated in 2022 have an average implementation time of about 6 to 12 months.

The mentorship process is assessed on an annual basis by an independent team appointed by the CEO's Decision for all units of SNN, and its deliverables are assessment conclusions documented in an assessment report to be considered in preparation/updating of the Mentorship Programme put in place in each unit of SNN.

Training of corporate management (top management) is delivered in the Company based on a training plan approved by NCNAC, the purpose of which is ensure a systematic professional training adapted to the nuclear particularities of the Company's business and to the requirements of the nuclear safety culture.

The training programmes include a general component and a component specific to each function.

The general professional training includes the common training of all functions of the Company and consists of:

- Training for newly-hired (which covers a number of topics, such as: Becoming familiar with the unit's site, Organization and documentation, Basics of first aid, Overview of the Company and its production units, Nuclear safety culture, Access and communication control, Information security, Human resources procedures, Physical protection, Anti-fraud policy of SNN SA);
- Training on OHS and emergencies;
- Training on human performance;
- Training on radiation protection;
- Training on the integrated management system;
- Management and leadership training.

The specific training varies from one position to another, in accordance with the identified training needs, and has the following components:

- Technical Training (Basic Sciences; Nuclear Technology; Power Plant Systems; Technological Manufacturing Processes; Nuclear Safety and Nuclear Safety Culture);
- On-the-job-training (practical training in the workplace through specific training, mentorship training).

SNN places great importance on the nuclear safety culture, which is therefore promoted in all the activities involved.

39.14.19 Rotation for development

As of 2021 and further on in 2022, a rotation programme is implemented in SNN which consists in the temporary holding of a management position directly subordinated to the COO in order to deal mainly with:

- Preparation of the programmes and preliminary analysis of the documentation involved in the coordination of the management of the technical and production process in the SNN branches;
- Participation, under the coordination of the COO, in monitoring the availability of the resources needed for the subordinated processes, making proposals to improve the contracts for procurement of equipment, services and specific maintenance works in Branches;
- Making proposals for a consistent definition of the production programmes in SNN and monitoring their implementation, subject to the approved IEB;
- Provision of support in coordination of the authorization of branch operation and obtaining the licenses;

- Making proposals to update the rules, instructions, and regulations in their respective field of activity or related to the technical and production process;
- Participation, at the request of SNN management, in the planning, development and monitoring the performance of the SNN development projects;
- Participation in the consistent development of the Company's IT system from an organizational, technological and technical point of view.

The programme was extended in 2022 by rotating the staff of the headquarters to the Company's branches on similar positions to get trained and practice the skills needed to manage the essential and important nuclear safety processes.

39.14.20 Annual appraisal of individual performance

The Company professionally appraises its employees based on an internal procedure, annually or regularly at an interval of 3 - 6 months (for the staff under observation). The staff performance appraisal procedure was revised at the end of 2020, it applies since 2021 and contains a unique methodology and form applicable across the entire Company, with individual performance indicators (KPI) cascaded from the overall objectives of the Company.

39.14.21 Policy addressing bullying

In SNN, the procedure “Reporting of irregularities and protection of whistle-blowers in Societatea Nationala Nuclearelectrica S.A.”, coded AF-00-02 rev.3, has been documented and implemented with the aim of making known the ways of referring, reporting, receiving, treating and investigating irregularities or violations of the law, as well as the rights and duties of the persons who submit referrals or reports.

SNN recognizes the particular importance of a clear, consistent, standardized and updated internal reporting process and of the protection of whistle-blowers (persons who submit referrals concerning identified nonconformities). SNN ensures full confidentiality and protection of whistle-blowers, as part of its general responsibility towards the staff, shareholders, business partners and/or third parties.

The internal procedure for reporting of irregularities and protection of whistle-blowers has the following objectives:

- to encourage employees and third parties to feel confident enough to disclose serious issues/situations, question them and act accordingly;
- to make available to employees and third parties means of discussing and obtaining assessments of any measures taken as a consequence;
- to make sure that employees and third parties receive an answer to their reports and that they know how to proceed when they are not happy with the measures taken;

- to provide additional assurance to employees and third parties as to the fact that, when they report non-compliances that believe are real in good faith, they will be protected against any retaliation or victimization.

39.14.22 Turnover rate

The evolution of the turnover rate in SNN, level between 2019 and 2022, is presented below

Year	2019	2020	2021	2022
Turnover rate	3.8%	12%	9.6%	6%

The Company, under its policy of attracting specialists, managed to offset for the situation created in the second part of 2020, when a number of the staff members chose to retire.

39.14.23 Situation of the staff employed for a limited term

The situation of the staff employed for the limited term in the Company, in years 2019 - 2022, is presented below:

Year	2019	2020	2021	2022
Percentage of employees with limited-term individual employment agreements	1.6%	2.1%	1.9%	2.2%

The evolution of this indicator has been, on average, flat over the last four years; the Company mainly attracts staff on limited term for various stages of the projects carried out in the company that require specialty expertise, but also to support the mentorship activities in order to transfer tacit knowledge to the young specialists brought into SNN.

39.14.24 Duration of the training period (days/person)

The evolution of the time dedicated to the training and professional development of the Company's employees, in years 2019 - 2022, is presented below:

Year	2019	2020	2021	2022
Total time in man-hours dedicated to the training and professional development of employees [hours]	274194	81291	159127	222532

Annual average number of training and professional development hours per employee [hours/person]	134.5	40.1	79.5	100
Annual average number of equivalent training and professional development days per employee [days/person]	16.8	5.0	9.9	12.5

During the period when the state of emergency and, later, the state of alert was declared due to the SARS CoV 2 coronavirus pandemic, the enforced health protection measures caused a reduction in the number of hours of professional training; however, the Company initiated individual training actions during the normal working hours and shifted its training programmes to the digital world via the e-learning CBT platform and by delivering training sessions by videoconference.

39.14.25 Staff with disabilities

The jobs in SNN, in most of them, have attached specific health requirements for workers, that need to be confirmed according to the applicable legal requirements at employment and regularly after by the specialized occupational medicine service available in the Company, so that, the state of health of the staff is appropriate for the professional risk factors identified for each position in the Company.

The situation of people with disabilities employed in the SNN in years 2019-2020 follows a constant trend, as follows:

Year	2019	2020	2021	2022
Total percentage of employees with disabilities	0.5%	0.4%	0.4%	0.4%

39.14.26 Percentage of women out of the total workforce

The situation of the total percentage of female persons employed in SNN in years 2019-2020 is presented below:

Year	2019	2020	2021	2022
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Total percentage of female persons employed in SNN	29.2%	30%	29.6%	30%
Total percentage of female persons in the Board of Directors	17%	20%	20%	29%
Total share of women in the Executive Management	0	0	0	29%

The evolution of the total percentage of female persons employed in the Company in years 2019-2020 follows a constant trend, this is mainly determined by the availability and effort intensity specifics of the jobs in the productive sector which make them more appropriate for men.

39.14.27 Measures during the COVID-19 pandemic

In the context required by the Coronavirus pandemic, professional activities were maintained by adopting going concern plans in each SNN unit, which included also the isolation of the essential staff for ensuring the operation of the production facilities within Cernavoda NPP, during the 2020 stage of emergency. Moreover, in the same context, in addition to the health protection measures, medical filter, Covid-19 testing and physical distance, remote work methods were adopted, initially by delegating the performance of activity from the employees' residence, and subsequently by introducing the work method - telework, and such situation required the adjustment of the Collective Employment Agreement and of the HR policies involved.

39.15 OTHER KEY PERFORMANCE INDICATORS (KPIs) CENTRALIZED BY SNN

39.15.1 Staff structure on age bands

Year	2019	2020	2021	2022
Number of employees under 30 years	144	120	235	279
Number of employees between 31 and 40 years	473	460	536	583
Number of employees between 41 and 50 years	722	700	756	796
Number of employees between 51 and 60 years	705	655	619	623
Number of employees over 61 years	110	76	59	63

39.15.2 Qualification of SNN staff by work conditions

Year	2019	2020	2021	2022
Number of employees hired under special working conditions	817	734	821	774

Number of employees hired under particular working conditions	1166	1098	1198	1321
Number of employees hired under normal working conditions	170	179	185	249

39.16 SECURITY AND HEALTH AT THE WORKPLACE

In SNN, there are specialized internal services, which are highlighted distinctly in the organization chart of the Company, to carry out prevention and protection activities, which also include activities related to emergencies.

In the SNN Headquarters, a Prevention and Protection Department has been organized as of 1 February 2022, which carries out the specific activities regulated under the applicable occupational health and safety, emergency and work psychology and organizational psychology legal requirements, and also provides operational coordination of the organizational entities operated as Work Safety and Emergency Units in the Company's branches. These specialized services set up in the Company's entities are provided by staff with relevant competences, according to the applicable legal requirements, and include analysis and monitoring of the indicators concerning occupational health and safety and emergencies, which indicators are analysed in the OHS Committee and integrated across the entire Company, so as to ensure coordination of the strategic decision and tactics of the Company regarding this activity.

In the production units of SNN, i.e. Cernavoda NPP Branch and NFP Pitesti Branch, an Occupational Health and Safety Management System has been documented, implemented and certified by SRAC-Cert (a recognized and accredited certification body), in accordance with the provisions of the standard SR ISO 45001:2018 "Occupational Health and Safety Management Systems" since 2020; before, the Company's branches used to have an Occupational Health and Safety Management System implemented and certified by SRAC-Cert according to the reference standard SR OHSAS 18001:2008

In the Headquarters, documentation of the Occupational Health and Safety Management System is in progress, and this management system will be implemented and certified in 2023 in accordance with the provisions of the standard SR ISO 45001; 2018.

39.16.1 Commitment to occupational health and safety

The SNN Management System Manual, coded SNN-MSM-001, rev.17, includes the organizational policies and general guidelines that are the basis for development of all activities in SNN, and also includes the occupational health and safety activity; in each branch of the Company, a Health and Safety Management Policy is available, and contains the relevant aspects under the management's

attention to ensure a clean and safe working environment for all employees, the contractors' staff and visitors.

39.16.2 Commitment to reduce the impact on occupational health and safety

The SNN Policy Statement on the Management System (SNN-POL-SM) contains the commitment of the management at the highest level to compliance with the legal and regulatory requirements applicable to the activities carried out by the Company, as well as the mitigation of occupational health and safety risks and to improving performance in this area. Correlatively, in each branch of SNN, a management commitment statement is available regarding compliance with the relevant OHS legal and regulatory requirements, control of occupational health and safety risks, as well as continuous improvement of the OHS performance.

The management plan of SNN for years 2019-2022 contains, among the Company's strategic objectives, actions concerning Occupational Health and Safety as part of the Corporate Social Responsibility and the main action lines concerning human capital management.

39.16.3 Management control

In accordance with the provisions of Law no. 319/2006 on occupational health and safety, the Occupational Safety and Health Committee (OHSC) is organized across the entire Company, and its membership was updated in 2022 under the SNN CEO Decision no. 219/24.05.2022. Workers' representatives in the OHSC are nominated for a period of 2 years by the representative trade union of SNN; the OHSC is led by a chairman nominated by the GEO of the Company, and it is organized and operates based on its own Regulation, enclosed to the Collective Bargaining Agreement of the Company. In 2022, the following issues were mainly debated in the OHSC:

- The annual report on work safety prepared for the entire Company;
- The report on health supervision at work, prepared up by the medical unit that provides occupational medicine services in REGARDING each SNN unit
- The status of the Programme of OHS measures for 2022;
- Review and provision of clarifications on the definition and delimitation of the durations that form the working time of the daily work standard;
- Training of staff with OHS responsibilities;
- Intensification and completion of the medical education programmes intended mainly at employees with chronic health conditions, carried out and supported by the contracted medical staff;
- Promoting and encouraging workers to get vaccinated against seasonal flu and Covid-19;

- Sanitary measures in the context of the SARS CoV2 pandemic, including the establishment of dedicated task forces at unit and SNN level, to ensure that actions are taken expeditiously if need be;
- Analysis of the specific OHS procedures and instructions;
- Provision of psychological support for the company's employees;
- 2023 OHS Plan of Measures.

Each OHSC meeting concludes with a Minutes that is submitted to Territorial Labour Inspectorate during the statutory term.

According to the SNN Management System Manual coded SNN-MSM-001 rev.17, the management ensure adequate working conditions for performance of the activities through a permanent control of the regarding occupational health and safety risks in order to mitigate them, and the health status of employees is monitored in order to maintain the working capacity of employees.

39.16.4 Assessment of the occupational health and safety risks

In accordance with the provisions of Law 319/2006 on occupational health and safety, at all workplaces of SNN have hazards identified and risks assessed for each component of the work system, i.e. who performs the job, work load, work tools/equipment and work environment.

In order to assess of occupational injury and illness risks, the Company applies the Method of the National Institute for Research - Development in Work Safety (INCDPM); the global level of risk determined at company level according to this method is:

Year	2019	2020	2021	2022
Global risk level	3.18	3.18	3.18	3.18

The global risk level determined for each SNN unit and for the entire Company falls into the category of accepted risks, the annual trend of which is constant, as weighted average, and it is controlled by prevention and protection measures determined under the annual OHS Programmes.

Assessment of the accidents at work and occupational illness risks is the basis for the of occupational health and safety management strategy and is followed by the control of these risks by defining preventive measures, which are included in the annual prevention and protection plan prepared in accordance with the provisions of the Implementing Rules of Law no. 319/2006 on occupational health and safety, approved by Government Decision no. 1425/2006, as subsequently amended and supplemented; the measures contained therein are reviewed in the Meetings of the Occupational Health Safety Committee set up in the Company in accordance with the applicable legal provisions. The measures contained in the prevention and protection plan have been allocated resources for implementation.

Assessment of the risks of accidents at work and occupational illness is a carefully review process and is updated when events occur in the work system, new work methods/technologies are adopted, attitudes/behaviours are noticed that require reconsideration of classification of risks identified in the Company's workplaces by impact/likelihood.

39.16.5 Employee involvement in improvement of the occupational health and safety

The specifics of the nuclear safety culture fosters a questioning attitude, where all workers are alert to assumptions, anomalies, values, conditions or activities that could have an unwanted effect on workplace safety; thus, workers are encouraged to express their opinions about the work conditions, as well as any aspect of the professional activity that could affect occupational health and safety. These opinions are debated in the OHSC meetings; for instance, in 2022, the following were reviewed in the OHSC that were held further to opinions expressed by the Company's workers:

- Review and provision of clarifications on the definition and delimitation of the durations that form the working time of the daily work standard;
- Intensification and completion of the medical education programmes;
- Promoting and encouraging workers to get vaccinated against seasonal flu and Covid-19;
- Sanitary measures in the context of the SARS CoV2 pandemic, including the establishment of dedicated task forces at unit and SNN level, to ensure that actions are taken expeditiously if need be;
- Review of the internal regulations concerning provision and use of individual protective equipment;
- Provision of psychological support for the company's employees;

Workers assume personal responsibility for safety, as part of the extensive nuclear safety culture specific to this industry. Thus, the responsibility and authority for safety and health in each workplace are well defined and clearly understood. The reporting relationships, positional authority and team responsibilities highlight the major importance of workplace safety.

39.16.6 Performance monitoring

Performance of the Occupational Health and Safety process is quantified through performance indicators attached to the specific objectives, which are correlated to the general objectives set at Company level; thus, for *Implementation of the measures/actions provided for in the occupational health and safety management programme (indicator: attainment of OSH objectives and targets)* in the SNN units, the annual target for years 2019-2022 was set between 85% and 95%, and was met.

39.16.7 Accidents at work

In application of the provisions of Law no. 319/2006 on occupational health and safety and of the Implementing Rules of this law, as approved by Government Decision no. 1425/2006, as subsequently amended and supplemented, the events produced in the work system are immediately

communicated to the interested parties, and are investigated, recorded and reported on in accordance with the applicable legal provisions.

The situation of the events occurred in the work system and recorded by the Company in years 2019-2022 is presented below:

Events	2019	2020	2021	2022
No. of accidents at works with temporary work incapacity	3	1	0	2
No. of accidents at work with invalidity	0	0	0	0
No. of accidents at work with fatalities	0	0	0	0
Total events	3	1	0	2

All the events produced in the work system of the Company are carefully reviewed and processed by workers, determining actions to reassess the risks of accidents at work and occupational illnesses for the workplaces involved or potentially involved, and actions aimed at eliminating their causes are taken.

The information about occupational health and safety is duly communicated to the interested parties; thus, the annual report on occupational health and safety is submitted to the Territorial Labour Inspectorate. In the Company's branches, the SRAC-cert certification body conducted certification audit and surveillance audit actions annually to independently check the OSH information against the Occupational Health and Safety Management System, implemented according to SR ISO 45001:2018.

In the Headquarters, the activities related to documentation, implementation and certification of the occupational health and safety management system, according to SR ISO 45001:2018, have been initiated in 2022, through reorganization of the prevention and protection activity of the Company, and the procedural stages of implementation and certification are to commence in 2023.

The health of SNN workers is monitored in accordance with the provisions of the Government Decision no. 355/2007 on the supervision of the health of workers in workplace, through specialized occupational medicine services provided under contract; each worker takes an occupational medicine examination, at least annually, in accordance with the occupational risks identified for the activity carried out in their respective workplace. The occupational medicine doctor issues a skill data-sheet for each employee, that contains the medical opinion.

39.16.8 Certifications

ISO 45001 certification	2019	2020	2021	2022
Degree of certification coverage for the SNN units	67%	67%	67%	67%

For 2023, the plan is to document and implement the standard SR ISO 45001:2018, Occupational Health and Safety management systems also un the workplace of the SNN Headquarters; thus, further to certification by an accredited body, the degree certification coverage of the SNN units will reach 100%.

39.16.9 Number of staff trained on occupational health and safety

The training of SNN employees on occupational health and safety is delivered out in accordance with the provisions of Law no. 319/2006 at employment, in the workplace, regularly and additionally, whenever necessary, based on programmes and themes determined for the different workplaces and trades.

The situation of the number of SNN employees who were trained in years 2019-2022 on Occupational Health and Safety matters is presented in the following table:

Year	2019	2020	2021	2022
OSH specialists and employees with specific OHS responsibilities (pers.)	49	49	57	65
Staff trained of general matters, including OSH topics (pers.)	2143	1991	2181	2319

All Company staff must go through the mandatory Occupational Health and Safety training, at employment, in the workplace, regularly and additionally, whenever necessary.

Specialist staff with specific OHS responsibilities are trained under training programmes dedicated to their responsibilities as members of the Work Safety services organized in each SNN unit.

39.16.10 Number of accidents x 100,000/total number of hours worked per year (LTIR)

Year	2019	2020	2021	2022
Lost-time incident rate (number of accidents x 100,000/total number of hours worked per year)	0,083	0,036	0	0,051

The LTIR indicator shows a decreasing trend; this indicator confirms the safe working practices of the Company and the organizational culture of SNN which ensures a safe working environment, as well as safe working practices adopted by workers in the Company.

39.16.11 Number of fatalities

Over the last three years, no work incident involving the death of the injured employee was registered in the Company.

39.16.12 Number of fatalities among the contracted staff

The situation of the number of workers of contractors in SNN units, who died as a result of accidents at work, is presented below:

Year	2019	2020	2021	2022
Number of workers who died in accidents at work	0	1	0	0

Between 2019 and 2022, there was only one fatal accident in the SNN units, where one worker of one of the Company's contractors was involved; it happened in 2020, at Cernavoda NPP, and further to the event, an employee of the contractor died. The accident was registered, further to the investigation research process carried out by Constanta TLI, by the Contractor the injured person was an employee of.

39.16.13 Impact of business continuity

SNN must ensure the continuity of electricity generation and nuclear fuel production for the smooth functioning of the National Energy System. Also, it is important to point out that SNN manages the national critical infrastructure, carrying out essential activities of national interest in the energy sector and the industry (according to the provisions of Article 2 and paragraphs 1 and 9 of Annex no. 1 to the Government Emergency Ordinance no. 98/2010 on identification, designation and protection of critical infrastructures). Thus, the activities carried out by SNN, i.e. generation of electricity by nuclear methods and the production of nuclear fuel falls under the essential activities/services defined by the provisions of the Government Emergency Ordinance no. 98/2010, i.e. those "services, facilities or activities that are or could be necessary to ensure a minimum standard of living and well-being of the society and whose damaging or interruption due to disruption or destruction of the underlying physical system would significantly affect the safety or security of the population and the functioning of the State's institutions".

In the context of the SARS CoV2 pandemic, SNN implemented out a complex programme of actions, gradually established on alert levels, to maintain the continuity of the Company's business, being one of the first companies that, in 2020, adopted the measure of the preventive on-site isolation of the essential staff, during the state of emergency, in order to ensure the safe operation of nuclear power generation facilities.

Each unit of SNN has documented, applied and currently maintains a plan to ensure the continuity of the Company's business, which contains technical and structural work organization measures, so as to keep the focus on the staff, including through measures of preventive isolation of the essential and back-up staff in case of accidental unavailability thereof, with a clear volume and flow of competences and responsibilities at all levels of the Company, both from an operational point of view and for the support processes, as both are absolutely necessary for the smooth functioning of the production facilities.

Quality Management System

SNN has developed and maintains a General Management System, which complies with the provisions of Law no. 111/1996, and the Quality Management Rules applicable in the nuclear field ("NMC"), issued by NCNAC. The SNN Management System is authorized by NCNAC according to Law no. 111/1996 under the Permit of the quality management system in the nuclear field for management activities; currently, the permit is held has no. SNN EX - 01/2021 and is valid until 30 April 2023.

The Management System developed and implemented in SNN SA addresses, in a coherent, coordinated and unitary fashion, the components related to nuclear safety, protection against ionizing radiation, environmental protection, quality, occupational health and safety, physical protection, protection against cyber threats, nuclear safeguard control, protection of classified information, planning and response to emergencies, sale of the electricity generated, and aspects related to the economic performance, and ensures that their requirements are not addressed separately from nuclear safety, as this takes priority over any other requirements, considerations and interests.

The implementation of the management system ensures identification and integration of all legal and regulatory requirements, good practices and voluntarily adopted standards, such as ISO 37001, ISO 27001, in order to attain the general objectives of the Company and meet the expectations of all "stakeholders".

The requirements of the SNN Management System apply to all activities and processes carried out in SNN S.A.

The management of SNN SA has delegated to the Branches the responsibility for development and implementation of parts of the Management System of SNN, for the specific activities they carry out, without this leading to reduction of its responsibility for the effectiveness of the system as a whole. Consequently, the Branches have developed their own Management Systems aligned to the requirements of the SNN Management System, as well as to the legal requirements applicable to their specific field of business. The Management Systems of the Branches are reviewed and accepted by the SNN management.

The integrated management system applied by Cernavoda NPP focuses on meeting the nuclear safety requirements that stem from the NCNAC rules and requirements, which underlay the issue of the operating permit for Units 1 and 2 of Cernavoda and for the spent fuel storage (DICA), and is developed in accordance with the requirements of the IAEA GSR Part 2 standard and the NCNAC Rules for Quality Management Systems, voluntarily integrating the requirements of the management standards ISO 14001, ISO 45001, ISO 17025, ISO 27001, ISO 37001, *and* the requirements of the EMAS Regulation - Eco Management and Audit Scheme. The management system of CNE Cernavoda is authorized according to the requirements of Law no. 111/1996 on "Operation, design, supply, repair and maintenance, use and maintenance of nuclear software products activities" (NCNAC permit no. SNN Cernavoda NPP - 01/2021, valid until 30 April 2023).

The integrated management system applied by NFP Pitesti focuses on meeting the requirements that stem from the NCNAC rules and requirements that underpin the issue the operating permits issued for the nuclear fuel production activity, and is developed in accordance with the requirements of the Canadian standard CSA N299.2-16 and the NCNAC Rules for Quality Management Systems, voluntarily integrating the requirements of the management standards ISO 14001, ISO 45001, ISO 17025, and ISO 37001 and the requirements of the EMAS Regulation - Eco Management and Audit Scheme. The management system of NFP Pitesti is authorized according to the requirements of Law no. 111/1996 on "Manufacturing activities in the nuclear field, class 2 of gradual application, granted to the management system" (NCNAC permit no. 22-038, valid until 17 September 2024).

The branches Cernavoda NPP and NFP Pitesti hold certificates for compliance of the Management System with the requirements of the standards ISO 14001 "Environmental Management Systems" and ISO 45001 "Occupational Health and Safety Management Systems".

Both branches are registered with the Eco-Management and Audit Scheme (EMAS), according to the Regulation (EC) no. 1221/2009 of the European Parliament and of the Council of 25 November 2009

on the voluntary participation by organisations in a Community eco-management and audit scheme (EMAS) and the Regulation (EU) 2017/1505 of the Commission of 28 August 2017 amending Annexes I , II and III.

It should be noted that the provisions of the NCNAC Rules that contain requirements for the quality management systems cover the requirements of the standard ISO 9001:2015 and even exceed them, being intended for organizations acting in the nuclear field. However, for a better recognition of the performance of the management system implemented in SNN (Headquarters and the Branches Cernavoda NPP and NFP Pitesti), a project is underway that aims to obtain certification of the compliance with the requirements of the International Standard ISO 9001:2015. This is due to complete on 31 December 2023.

Financial evolution

GRI 201, 201-1, 201-4

	The 12-month period ended on 31 December 2022	The 12-month period ended on 31 December 2021	The 12-month period ended on 31 December 2020
Thousand lei	(audited)	(audited)	(audited)
Production (GWh)	10,200	10,377	10,558
Operating revenues, of which	6,534,010	3,203,880	2,500,172
<i>Income from the sale of electricity</i>	<i>6,343,640</i>	<i>3,103,150</i>	<i>2,432,279</i>
Operating expenses - less depreciation and impairment and tax on additional income	(1,857,584)	(1,461,544)	(1,184,029)
Additional income tax expenses/ Contribution to the Energy Transition Fund	(1,085,014)	-	-
EBITDA	3,591,412	1,742,336	1,316,143
Depreciation and impairment	(605,405)	(562,856)	(544,752)
EBIT	2,986,007	1,179,480	771,391
Financial income	238,176	61,025	84,530

Financial costs	-31,687	-36,411	-40,513
Net financial result	206,489	24,614	44,017
Expense with corporate tax	(428,073)	(167,832)	(116,086)
Net profit	2,764,423	1,036,262	699,322

Ratio	Formula	m.u.	2022 (audited)	2021 (audited)	2020 (audited)	2019 (audited)
Profitability indicators						
Asset rate of return	Net profit/Total assets	%	23.4%	10.8%	7.9%	6.1%
Liquidity and solvency ratios						
Ratio of current liquidity	Current assets/ Short-term liabilities	x	7.17	5.31	4.73	4.65
Ratio of immediate liquidity	Current assets - Inventories/Short-term liabilities	x	6.36	4.46	4.00	3.90
Asset solvency	Equity/Total liabilities	x	8.38	6.64	5.68	4.97

	(thousand RON)			
	2022	2021	2020	2019
A. Directly generated economic value	6,366,543	3,116,639	2,446,004	2,377,772
Income	6,366,543	3,116,639	2,446,004	2,377,772
B. Distributed economic values	4,572,101	2,664,109	2,343,145	2,262,559
Operating expenses	1,715,303	1,389,054	1,099,363	1,144,989
Personnel costs	555,236	444,087	440,281	425,597
Payments to shareholders	596,025	471,877	498,279	378,943
Payments to Government	1,698,628	351,092	295,723	302,118
Community investments	6,909	7,998	9,500	10,911
C. Retain economic value	1,794,441	452,530	102,859	115,213

	2022	2021	2020	2019	Explanations
1. Tax exemptions or tax credits	n/a	n/a	8,002,247	n/a	In 2020, the Romanian government issued a number of emergency ordinances concerning tax measures in the context created by the Covid-19 pandemic,

					which set out procedural and tax measures to support income taxpayers. Thus, under the Government Emergency Ordinance no. 33/2020 and the Government Emergency Ordinance no. 99/2020, the Company collected a bonus calculated on the profit tax due, of RON 8 million.
	6,776,395	7,221,810	9,499,748	10,897,352	Sponsorships
	53,783,224	16,148,244	n/a	n/a	Bonuses under the Government Emergency Ordinance no. 153/2020
	11,009,228	3,221,916	913,611	956,982	Reinvested profit
2. Subsidies	14,354,675	14,354,155	14,344,816	14,368,732	The subsidies for investments (long-term deferred income) were granted in 2007 and consisted of writing off penalties and debts under loan agreements. The subsidies are recognized in the income statement as income for the period 2007 - 2026, over the period remaining to be depreciated for Unit 1.

3. Investment grants, research and development grants, and other relevant types of grants	n/a	1,313,068	n/a	n/a	Grant awarded by the European Commission for "CYNERGY - the first ISAC for the Romanian Energy Sector"
	6,056,590	n/a	n/a	n/a	Grant awarded by the US Trade and Development Agency ("USTDA") to identify and assess potential sites for small modular reactors.
4. Awards	n/a	n/a	n/a	n/a	
5. Copyright exemptions	n/a	n/a	n/a	n/a	
6. Financial assistance received from Export Credit Agencies	n/a	n/a	n/a	n/a	
7. Financial incentives	n/a	n/a	n/a	n/a	
8. Other financial benefits received or to be received from any Government for any operation	n/a	n/a	n/a	n/a	
TOTAL	92,001,948	42,259,194	32,760,422	26,223,066	

Ethics, integrity and conflict of interests

GRI 103-1, 103-2, 102-16, 102-17, 102-25

The members of the Board of Directors carry out their office with the prudence and diligence of a good director and with loyalty, to the best interest of the Company, and without disclosing any confidential information and business secrets of the Company. Under this code of ethics and professional conduct of the Board of Directors, its members adhere to a set of principles concerning good governance, decision-making transparency, integrity, impartiality, honesty, loyalty and efficient management of the organization's resources in order to attain the objectives. The Code of Ethics and Professional Conduct defines the mission, vision, values and rules of professional conduct that the SNN BoD members must respect and apply in their activity in the organization, in accordance with the business model and the objectives of the organization, and set out the organizational framework for transposition of these principles into procedures and policies applicable to all SNN employees. Also, the Code of Ethics and Professional Conduct sets out the guidelines and directs individual and group behaviours in the internal and external relations of the SNN BoD.

<https://www.nuclearelectrica.ro/ir/wp-content/uploads/sites/9/2019/08/Cod-de-etica-si-conduita.pdf>

The provisions concerning management of the conflict of interests are included in the Organization and Functioning Regulation of the Board of Directors, as well as in the Code of Ethics of the Board of Directors.

The members of the Board of Directors will make decisions to the best interest of the Company and will not take part in debates or decisions that give rise to a conflict between their personal interests and those of the Company.

Each member of the Board of Directors makes sure they avoid of any direct or indirect conflict of interest with the Company, and should such a conflict occur, they will abstain from the debates and casting their vote on the that matters, in accordance with the legal provisions in force.

The members of the Board of Directors disclose to the SNN Board of Directors information about any relationship with a shareholder who directly or indirectly holds shares accounting for more than 5% of all voting rights. This obligation refers to any kind of relationship that could affect the member's position on the matters decided on by the Council.

In order to ensure the propriety of the transactions with the related parties, the members of the Board of Directors apply including the following criteria, but not only these:

- Maintaining the powers of the BoD or GMS, as the case may be, to approve the most important transactions. For intercompany transactions, SNN will observe the provisions of Article 52(5) of the Government Emergency Ordinance no. 109/2011, as subsequently amended and supplemented;
- Any transaction of an amount equal to or greater than 5% of the Company's net assets is approved by the Board of Directors based on a mandatory opinion of the Board's Audit Advisory Committee;
- Asking for a prior opinion on the most important transactions from the internal control structures (Audit Advisory Committee and Internal Audit Department);
- Entrusting the negotiations on these transactions to one or more independent directors, or to directors not related to the parties involved;
- Seeking the opinion of independent experts.

In addition to complying with general legal provisions, SNN has devised and implemented internal policies that further regulate the internal procedure for disclosure of intercompany transactions.

Thus, the Board of Directors informs the shareholders, during the first general meeting of shareholders following the conclusion of the legal act, on any transaction concluded with administrator or directors, with employees, with controlling shareholders or a company controlled by them, by making available to shareholders documents that reflect the essential and significant data and information in relation to such transactions. Also, the Board of Directors informs the shareholders, during the first GMS following conclusion of the legal act, of any transaction concluded by SNN, as a public enterprise, with another public enterprise or with the public supervisory authority, if the transaction has a value, individually or in a series of transactions, of at least the RON equivalent of EUR 100,000.

The Board of Directors approves, on a quarterly basis, an information report on the purchase of goods, services and works the amount of which is greater than EUR 500,000/purchase (for goods and works) and EUR 100,000/purchase (for services); the report is published on the company's website under the Investor Relations/Periodic Reporting section.

The Board of Directors also approves and publishes annually, on the SNN website, a report on the sponsorships granted during the previous year.

<https://www.nuclearelectrica.ro/ir/raportari-periodice/>

Anti-corruption policy

GRI 103-1,103-2, 205-2

The anti-bribery management system is certified according to the requirements of the standard ISO 37001/2016. In order to ensure integration of the requirements of the anti-bribery management system into the Company's processes, the internal regulatory anti-corruption framework was consolidated and developed by policies and procedures; of these, we list:

- The Anti-corruption Policy, intended to encourage and facilitate prevention and control of corruption, and setting out the anti-corruption principles for all employees, as a framework for definition, revision and attainment of the anti-corruption objectives;
- The procedure "Compliance with the Anti-Corruption Policy", that regulates the scope and structure of the compliance function set up to ensure compliance with the principles of the Anti-Corruption Policy;
- The procedure on "Implementation of financial and non-financial anti-corruption compliance controls" which describes how the relevant controls are implemented for prevention, detection and investigation of corruption risks;
- The procedure for assessment of the business partners in terms of the risks attached to the anti-corruption compliance system, which describes how business partners are screened in order to minimize the risks generated by the transactions carried out by SNN SA;
- The procedure on "Identification, assessment and prevention of conflict of interests".
- The Anti-Fraud Policy
- Irregularity reporting
- Estimation of the compliance and reputational risks

The main criteria considered to assess the risk:

- Sanctions or withdrawal of permits;
- Involvement of the Company or its employees in disputes;
- Loss of strategic business partners;
- Increasing number of reported irregularities;
- Nature, size and complexity of processes and activities;
- Business partner anti-bribery management system: suppliers, customers and consultants;
- Locations and business lines where the organization operates or envisages operating.

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

- Disclosure of gifts and other benefits;
- Prevention of conflicts of interest, incompatibilities and *pantouflage*;
- Mandate of ethics advisor and compliance officer;
- Whistle-blower protection;
- Preventive measures for management of sensitive positions;

- Sponsorships, donations and other charitable activities;
- Employee expense reports.

Corruption prevention and control is the main responsibility of the Compliance Office, which is regularly allocated the necessary resources to attain its objectives.

S.N. Nuclearelectrica S.A. created the Compliance function to manage the anti-bribery management system. The compliance officer has long/important experience in Internal Audit and Compliance. The training programme includes regular participation in workshops and specific trainings on topics related to fraud, corruption, ethics and integrity.

Nuclearelectrica put in place mechanisms for monitoring and warning of the occurrence of any threats or non-compliances with the ethics and integrity rules, such as:

- Regular identification and assessment of the corruption risks;
- Disclosure by the Company's employees of any potential conflicts of interest and use of an application for to disclose and consolidate the said information;
- Anti-corruption contractual clauses included in contracts with business partners;
- Regular employee counselling programme set up by the Ethics Advisors;
- Means of communication provided to the whistle-blowers and analysis of the complaints/reports depending on their nature;
- Screening of business partners in terms of their anti-corruption management system;
- Internal controls aimed at preventing occurrence of fraud and corruption;
- Analysis of sponsorship applicants in terms of their ethical behaviour.

SNN has not been involved in any pending or settled legal actions concerning anti-competitive behaviour.

The code of ethics and conduct sets out the principles that govern the ethical and professional conduct of Nuclearelectrica employees. The anti-corruption policy defines the terms corruption and bribery.

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

In the internal procedure AF-00-03 - Granting and accepting benefits it is prohibited to grant any benefits to the authorities, business partners or any other persons in order to facilitate approvals, permits or unlawfully obtaining a business decision. Also, Nuclearelectrica has a procedure dedicated to conflicts of interests. Employees are under the obligation to disclose any personal interests that conflict with the interests of the Company. The declaration is renewed on an annual basis.

The procedure for reporting irregularities aims to determine the ways of reporting and treating irregularities and it is worded so as to address issues concerning aspects of public interest, that could include also infringement of the SNN policies and procedures, or the applicable legislation.

The issues that can be qualified as irregularities (without this listing being limitative) are: non-compliance with the Code of Ethics and Conduct, non-compliance with policies and procedures, improper aspects concerning the financial statements and the relations between employees, abuses, discrimination, corruption, theft, money laundering and any inappropriate behaviour that could damage the reputation of the Company or any attempts to hide any of the above.

The Company, recognizing the essential importance of a clear and up-to-date process for both internal reporting and protection of those who submit make such reports (whistle-blowers), has adopted a procedure to provide guidance to the staff and ensure full confidentiality and protection thereof, as part of its general responsibility towards the staff, shareholders and customers.

1. Purpose

The Irregularity Reporting procedure aims to:

- Encourage employees and third parties to feel confident enough raise serious issues, question them and act accordingly;
- Make available to employees and third parties means of discussing and obtaining assessments of any measures taken as a consequence;
- Make sure that employees and third parties receive an answer to their reports and that they know how to proceed when they are not happy with the measures taken;
- Reassure the employees and third parties as to the fact that, when they report non-compliances that believe are real in good faith, they will be protected against any retaliation or victimization.

In particular, this procedure aims to put in place the means of communication and define the process to receive referrals on:

(a) improper documents and/or accounting and auditing practices that come against the international practices and applicable provisions;

(b) fraud, corruption or conflicts of interest;

as these are defined in the related policies/codes of SNN on the control of fraud and corruption and conflicts of interest.

However, the communication channels described in this procedure can be used also to submit other reports concerning irregularities identified by the reporter.

2. Scope

The procedure on Reporting Irregularities is intended to provide support to individuals (full-time or part-time employees, contractors, suppliers, customers and other members of the public) who believe they have encountered instances of work negligence, fraud or irregularities.

This procedure does not apply to personal grievances, that refer to terms of employment or other aspects of the employment relationship or disciplinary matters.

The procedure does not have the mission to call into question the financial or business decisions made by SNN and by the branches, nor should it be used to reconsider matters that have already been addressed according to disciplinary procedures.

The principles of this procedure are in accordance with the principles that govern whistle-blower protection:

- *a) the principle of lawfulness, according to which authorities, public institutions, other legal entities under public law, as well as legal entities under private law are under the obligation to respect the fundamental rights and freedoms, by ensuring full respect, among other things, for the freedom of expression and information, the right to protection of personal data, the freedom to carry out a business activity, the right to a high level of consumer protection, the right to a high level of protection of human health, the right to a high level of protection of the environment, the right to effective remedy, and the right to defence;*
- *b) the principle of responsibility, according to which the whistle-blower is under the obligation to submit data or information in support of the facts reported;*
- *c) the principle of impartiality, according to which examination and settlement of reports are free of subjectivity, regardless of the beliefs and interests of the persons tasked to address them;*
- *d) the principle of good management, according to which public authorities and institutions, and other legal entities under public law are under the obligation to carry out their activity in the pursuit of the general interest, with a high degree of professionalism, and with an efficient and effective use of the resources;*
- *e) the principle of balance, according to which no person can rely on the provisions of this law in order to reduce the administrative or disciplinary sanction for a more serious infringement that is not related to that reported;*
- *f) the principle of good faith, according to which the person who had good reasons to believe that the information about the reported infringements was true at the time of reporting and that the said information fell in the scope of this law, is provided protection.*

Irregularities refer mainly, but are not limited, to:

- Abuse of trust
- Corruption offences, offences qualified as corruption, offences directly related to corruption offences
- Forgery and use of forged documents
- Fraud and deception concerning investment capital
- Theft and embezzlement

- Blackmail
- Falsification of documents and other manipulative actions concerning documents
- Robbery
- Market price manipulation
- Insolvency offences
- Coercion and threats
- "Inside trading" (illegal) and market manipulation activities
- Falsification of the Company's records
- Cyber crimes
- Falsification, and piracy of products and brands
- Abuse in relation to private or business secrets
- Infringements related to accounting, financial and accounting control or internal audit
- Violation of the legal provisions on public procurement and grants
- Anti-competitive collusion
- Money laundering
- Violation of the rules concerning representation and signing of documents
- Preferential or discriminatory practices or treatments in performance of the duties
- Violation of the provisions concerning incompatibilities and conflicts of interest
- Abusive use of the Company's material or human resources
- Non-competitive practices
- Incompetence or negligence at work
- Non-objective staff appraisal in the recruitment, selection, promotion, demotion and dismissal process
- Violations of the procedures or determination of internal procedures in violation of the law
- Any other serious infringement of the legislation or internal rules of business ethics and conduct of the Company

3. Work method

Given that the reporting process is generally recognized as a key tool for uncovering misconduct, it is important that staff fully understand the type of incidents they are required to report.

Communication channels

The Company has put in place different communication channels that can be used by employees and third parties to voice their complaints in accordance with the purpose of this procedure, as follows:

- A dedicated internet portal available in SNN, www.nuclearelectrica.ro, "report an irregularity" section, where an Irregularity Reporting Form is available, the format of which is included in the annex to this Procedure;
- The email addresses sesizari@nuclearelectrica.ro and conformitate@nuclearelectrica.ro are managed by the Compliance Office of the Audit and Risk Management Directorate;

- The mailing address.

The people who make the complaints can remain anonymous, but they are encouraged to identify themselves (name and contact details), particularly if an additional investigation is needed. It is preferable that all reports are made using the Irregularity Reporting Form.

The number of referrals/reports received by Nuclearelectrica from employees or third parties, over the last four years, is presented in the table below

Reporting year	2019	2020	2021	2022
Number of referrals/reports	6	4	17	9

All referrals have been addressed.

Investigation of the referrals to the Compliance Office

All reports received are carefully reviewed by the Compliance Office, subject to full secrecy and confidentiality. The Compliance Office selects the referrals depending to the specific procedure, will review them carefully, but can only act on those that disclose instances of fraud (including improper actions and accounting and auditing practices that come against the international practices and the applicable provisions), corruption and conflicts of interest. The other referrals, which do not concern matters related to the activity of the Compliance Office, are forwarded for processing to the competent structure of the Company.

The information can be provided anonymously; however, this means that the Compliance Office cannot contact the person who file the referral/report for additional information, and this makes it more difficult to address the issue.

The person who files a referral is advised not to communicate to other people the details of the issues they reported, considering that this could have an unfavourable impact on any future investigation.

All referrals sent are treated as strictly confidential by all the units involved of the Company.

4. Protection measures

Confidentiality

All disclosures are treated similarly to the confidential and sensitive information.

When irregularities are reported, any person can assume that only the employees investigating the complaint will know their identity. The identity of the persons who makes an accusation will be confidential as long as it does not prevent or limit the investigations.

However, the identity of the person making the report will have to be disclosed where there is a legal obligation to do so.

Anonymous accusations

Anonymous accusations are less credible, but can still be taken into account. In the exercise of this right, the to be considered are:

- Severity of the reported issues
- Reliability
- Possibility to obtain confirmation from independent and reliable sources

Protection

This Procedure is intended to provide protection to employees who report issues:

- in good faith
- who reasonably believe that there is a case of negligence or wrongdoing, as long as the disclosure was made to an appropriate person

The Company will not allow any retaliation by the management against the persons who report an irregularity in good faith, including when the reported facts are not confirmed or are only partially confirmed by the investigations carried out.

The people who make referrals can remain anonymous, but they are encouraged to identify themselves, particularly when additional useful and timely information is needed for investigation of the reported case.

Referrals and reports are received and reviewed by the Compliance Office, who decides whether these can be addressed by them, or by other competent units, such as: The Anti-Fraud Office, the Human Resources Strategy Department or the Legal Department, etc.

Both the employees and business partners and the third parties have the opportunity and are encouraged to report non-compliances or acts/facts that could lead to violation of the law and procedures or to occurrence of a noncompliance. In this sense, the Company's website has a page dedicated to whistleblowing.

The referrals received are entered in a special register. All referrals are answered in not more than 40 days. Depending on their nature and materiality, these are reported to the CEO, who can decide to initiate an investigation. The annual report of the Compliance Office includes a section on the referrals received and the measures taken thereon.

The employees and business partners can call the Compliance Office during the working hours.

Ethics advisors have regular meetings with employees in order to provide them with advice on ethics and integrity.

The employees attend training programmes on integrity topics every year. One of the topics addressed in these dedicated training is that of the whistle-blower.

The whistleblowing procedure includes specific clauses that prohibit retaliation against the employees who report non-conformities, violations of procedures or rules in good faith.

Risks management

GRI 102-11, 102-15, 102-30

Since 2018, the risk management function has been reorganized at the company level, including and examining on a frequent basis, the risks identified and assessed by the structures within Subsidiaries and Headquarters. Sustained efforts for implementing the risk management culture within the entire company, enhancement of the specialized counselling of the staff in charge with departmental risks, organization of training programmes related to the management risk, have determined the development of competencies of the staff responsible for the correct application of the risk management methodology.

Risk Management Service (SMR) submits and publishes a report on the management system analysis, which also includes risk registers, and an analysis of several categories, such as Nuclear Safety, Security, Compliance, and Environment. The report is distributed to all relevant stakeholders, including to the board members.

The effectiveness of the risk management process is reviewed in the last quarter of the year, by analysing the operation of the risk management system over the last year and by setting specific objectives for the next year.

In 2022, the focus was on two directions: sensitive functions and incorporation of new subsidiaries into the existing risk management framework.

The focus in 2023 is on continuing to integrate new subsidiaries in the risk management system, and to develop of the ESG component of the risk register, as well as the risk culture in the Company.

The risks listed the risk register and the Company's risk universe are reviewed quarterly, with actions to be taken, according to specific situations.

The risk management system and the Company's risks are reviewed quarterly by the SCIM Committee chaired by the Company's CEO.

Risk committees operate locally in branches. The risk management system is compatible with the standard ISO 31000. The risk management system was revised and a gap analysis was carried out against the requirements of the standard ISO 31000:2018 at the end of 2021, but no significant deviations were identified.

Starting with Q3 2022, SNN has increased its focus on the ESG risks. In order to improve and increase efficiency, SMR took a number of actions in Q4, such as: identification of the ESG risks in the risk register, risk analysis taking into account the ESG context, and preparation of a specific ESG training material.

In the Headquarters, there is a Risk Management Service and, in each department, there is an owner of departmental risks; in branches/subunits, the risk management function is provided by a representative coordinated from the Headquarters, and an owner is appointed in each department.

Technically, the risk register is a database hosted on the Company's servers, and accessible to relevant stakeholders.

The risk system developed in the Company is aligned to the standard ISO 31000:2018. The Company does not hold an ISO 31000 certification, because no certification body has been yet identified for this standard in Romania; however, in the annual review of the system, we perform gap analyses to ensure compliance with the standard's requirements.

The risk management system is aligned also with the COSO and BASEL standards.

For risk reporting and review, the Company uses a national system (SCIM)

Development stages of the risk management function at the level of SNN SA

2018 and before	2019-2022	Future
<ul style="list-style-type: none"> ▪ Risk management based on risk sheets and record of risks - Department organization / in subsidiaries - Records of risks for each subsidiary - Risk committees in subsidiaries - Hierarchical reporting (down-top) - Aggregation/ summary of information in SMR ▪ Assessment of the commercial counterparty risk - Reporting and risk limits 	<ul style="list-style-type: none"> ▪ Risk management with a software application - Centralized organization and management at the organization level - Sole record of risks - Predefined functionalities and reports - Correlation of risks – threats – vulnerabilities ▪ Determination of risk profile and risk tolerance limit ▪ Assessment of the commercial counterparty risk - Reporting and risk limits ▪ Banking/ insurer counterparty risk management ▪ Checking and monitoring guarantees issued in favour of SNN 	<ul style="list-style-type: none"> ▪ Integrated risk management ▪ Multi-company perspective (Nuclearelectrica, EnergoNuclear, Feldioara, Nuclearelectrica Serv, RoPower Nuclear) ▪ Increased digitalization level of activity <div data-bbox="1089 1276 1471 1646" style="text-align: center;"> <p>©2013, Committee of Sponsoring Organizations of the Treadway Commission (COSO). Used by permission</p> </div>

▪ **Analysis/ involvement in strategic projects**

▪ **Other monitored/ examined risks:**

- Macro-economic (internal and international) risk
- Market risk (including foreign exchange rate)
- ESG risk
- Sensitive function risk
- Demographic risk
- Geopolitical risk/ threats
- Computer risk (cyber risk)
- Covid 19 risk
- Project risk

▪ **Staff training**

Risk assessment in SNN is carried out periodically (quarterly), according to MR-00-01 – Risk management procedure in S.N. Nuclearelectrica S.A., and results are described in the Risk Management Report, with a focus on the main risks which the Company faces.

The main categories of risks presented on a quarterly basis in the Risk Management report are:

- risks related to nuclear safety (Nuclear Safety);
- the information safety risks, guarantee control and physical protection risks (protection of nuclear material and of the radioactive materials);
- the compliance risks, divided into 3 subcategories, respectively fraud risks, compliance risks (ethics integrity, conflict of interests) and other compliance risks (risks regarding the conformity with the external regulation framework - for example: laws, ordinances, rules, and internal - e.g. policies, processes, internal procedures).
- risks related to the supply chain, in particular purchases;
- ESG risks;
- risks related to the major investment projects.

Most of the risks in these categories are in the green zone, having been established controls and monitoring tools to prevent their occurrence.

At the end of 2022, the Risk Register listed 425 risks, of which 93.65% in the green area (low risks), plus the risks of EnergoNuclear (16), Nuclearelectrica Serv (8) and FPCU Feldioara (10), and risks related to major projects (CTRF – 8, RT U1 – 9, SMR – 9, U3&4 – 11 and U5 – 7).

The risk tolerance limit of SNN, expressed as risk exposure, is 14, low score risks being considered tolerable, and those above this score being considered intolerable.

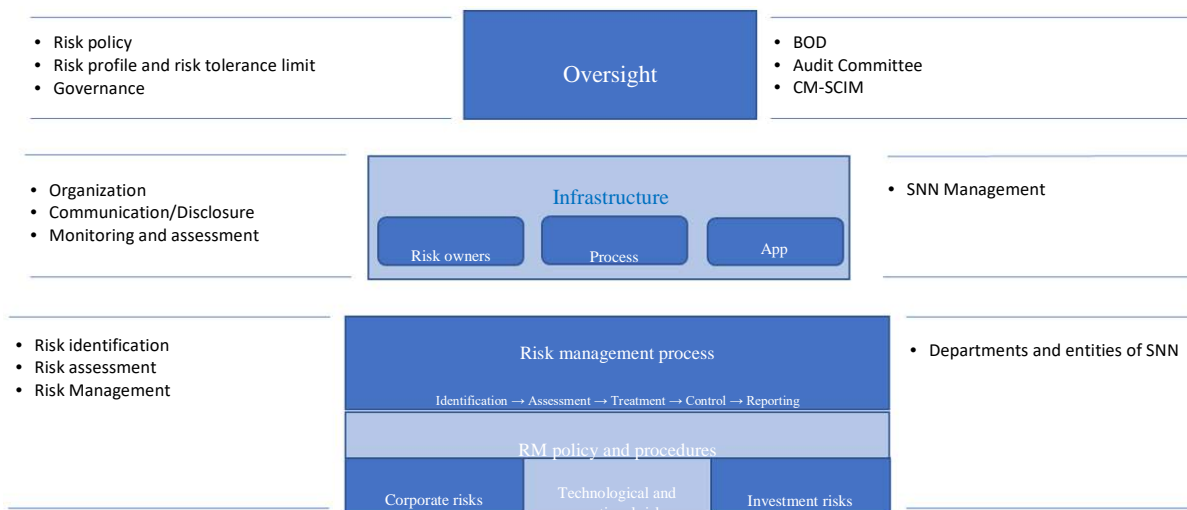
The Company's risk profile is presented in the following table:

Risk name	Weight 2022	Weight 2023	Risk level for 2022	Risk level for 2023	Trend 2022	Trend 2023
Operational Risk	40%	35%	Low	Low	→	↗
Market/price risk	5%	8%	High	High	↗	→
Credit risk/ counterparty	5%	7%	High	High	↗	→
Competitive risk	5%	5%	High	Medium	→	↘
Macro-economic risk	5%	5%	High	High	↗	→
Geopolitical risk	-	10%	High	High	-	→
Regulatory/ legislative risk	10%	10%	High	High	↗	→
Risk related to the specialized workforce	10%	5%	High	Medium	→	↘
Risk related to the investment/ maintenance/ refurbishment works (U1 & U2)	5%	5%	Medium	Medium	→	→
Project risk (U3 & U4, SMR, Cobalt)	10%	5%	Medium	Medium	→	→
Development and assimilation of subsidiaries FPCU Feldioara,	5	5%	Medium	Medium	→	→

Risk name	Weight 2022	Weight 2023	Risk level for 2022	Risk level for 2023	Trend 2022	Trend 2023
EnergioNuclear, NuclearelectricaServ						
Overall risk profile	100%	100%	Medium	Medium	→	→

The main responsibility of SMR is to develop the framework for effective risk management, to facilitate and supervise its implementation and application by the business function.

Risk Management Framework



In order to implement the RM framework, a suitable infrastructure is necessary, as well as trained staff (risk owners), processes and technologies (risk management computer application).

The risk management process is an integral part of the company's processes and activities. It can be applied at strategic, operational, programme or project level.

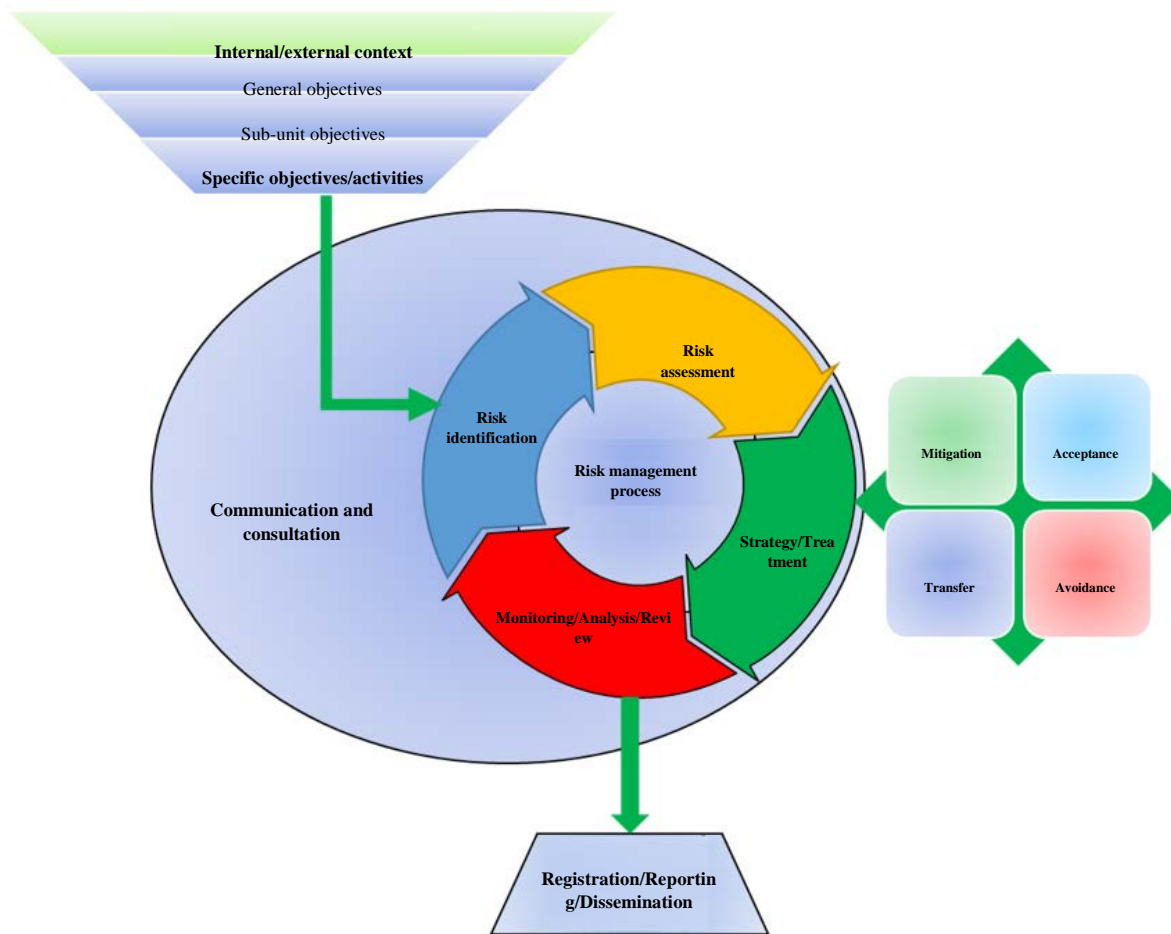
The risk management principles, practices and policies, as well as the related computer applications, are applied/used uniformly in all the SNN entities.

The risk register is a dynamic work instrument. Any SNN employee can report risks to the Risk Management Service or to the person responsible for risks within the department they are part of,

risks that are then analysed, introduced and evaluated by risk owners throughout the year. Reporting to CM-SCIM and the interested parties is done quarterly.

- ❖ *Corporate risks*, mentioned in the diagram above, refer to macroeconomic, business, credit, operational, market, climate, geopolitical risk.
- ❖ *Technological and operational risks* are specific to the electricity production activities and the administration of the operation of the Cernavoda NPP plant and the NFP Pitesti plant.
- ❖ *Investment risks* refer to the risk of project, refurbishment, maintenance works, investment works, at the level of SNN.

The stages/activities of the risk management process, according to SR ISO 31000:2018, applied in SNN, are:



The external and internal context represents the environment in which the Company wants to define and achieve its objectives. The risk management takes place in the context of the Company’s objectives and activities.

Risks can occur, change or disappear as the external and internal context of the organization changes. Communication and consultation with the appropriate external and internal stakeholders should take place throughout all stages of the risk management process.

As a result of the passage of time, changes may occur in the conditions, circumstances, circumstances and/or risk control mechanisms, for which reason all identified risks must be controlled by appropriate measures and monitored over time, in order to identify any change that may generate the occurrence of a risk event and/or a risk reclassification.

The periodic analysis focuses on aspects related to circumstances, the occurrence of new risks, changes in impact or probability, the need to escalate decisions, the stage of implementation and the effectiveness of control measures.

The risk management system is carried out based on procedures, in accordance with a specific risk procedure developed taking into account the requirements of the standard ISO 31000:2018. The results of the risk management system are presented taking into account the requirements of the GRI management standard, in accordance with the Directive no. 2014/95/EU of the European Parliament.

From an operational point of view, the Company has a Risk Management Service (RMS), as well as a person in charge of risk management in each subunit. Technically, the risk register is a Company-wide database accessible to relevant stakeholders.

The risks are entered in this database (by risk owners); risks have four potential strategies: waiver (of risk) - only when the object the risk is attached to disappears; risk acceptance, as is, with no efforts needed to mitigate it; risk transfer – usually the transfer of the effects of the risk occurring by insurance; risk treatment - if there are defined actions to mitigated the risk, or preventive actions.

The risks are reviewed at least quarterly, by risk owners, who submit them for validation to the head of the department/director of the department. Afterwards, they submit the risk to the unit's risk manager, who, after validation, directs the risk to the RMS, which reviews the entire risk universe. Any of the validators along the previously described chain has two options: to validate the risk and allow the continuation of the flow of validations, or to send the risk back to the owner, with a message about the reason why the risk was not validated.

For certain risks, scenarios and response plans are defined to ensure business continuity. These scenarios and response plans devised made depending on the business area in the Company.

The risk owners, based on the risk methodology in force, classify risks into risk categories according to the internal needs for analysis identified within the organization and permanently adapt the classifications and reports regarding risk information according to these internal needs of the organization's departments and the falling into the approaches and classifications made in other compartments or functions within SNN.

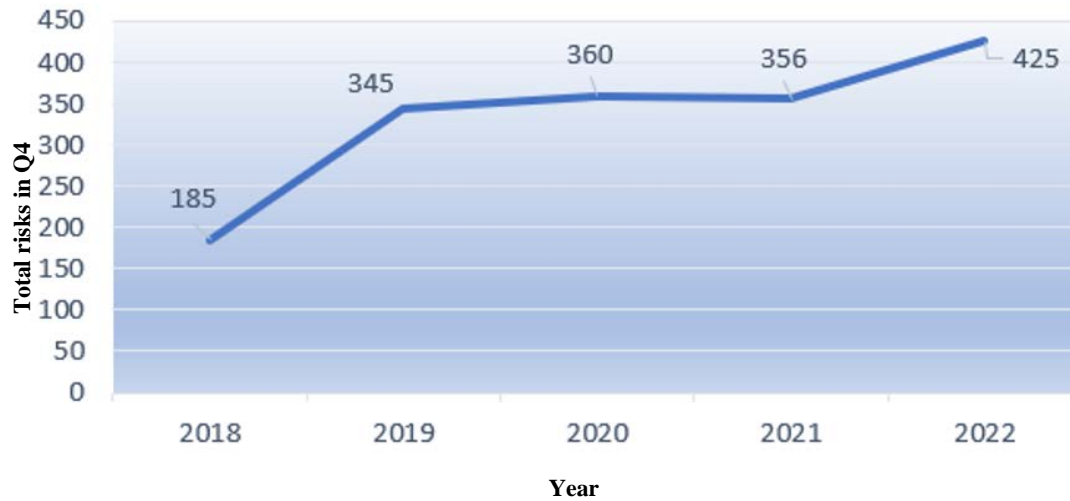
SNN has established mitigation methods for several subcategories of risks, as follows:

No.	Risk category	Mitigation method
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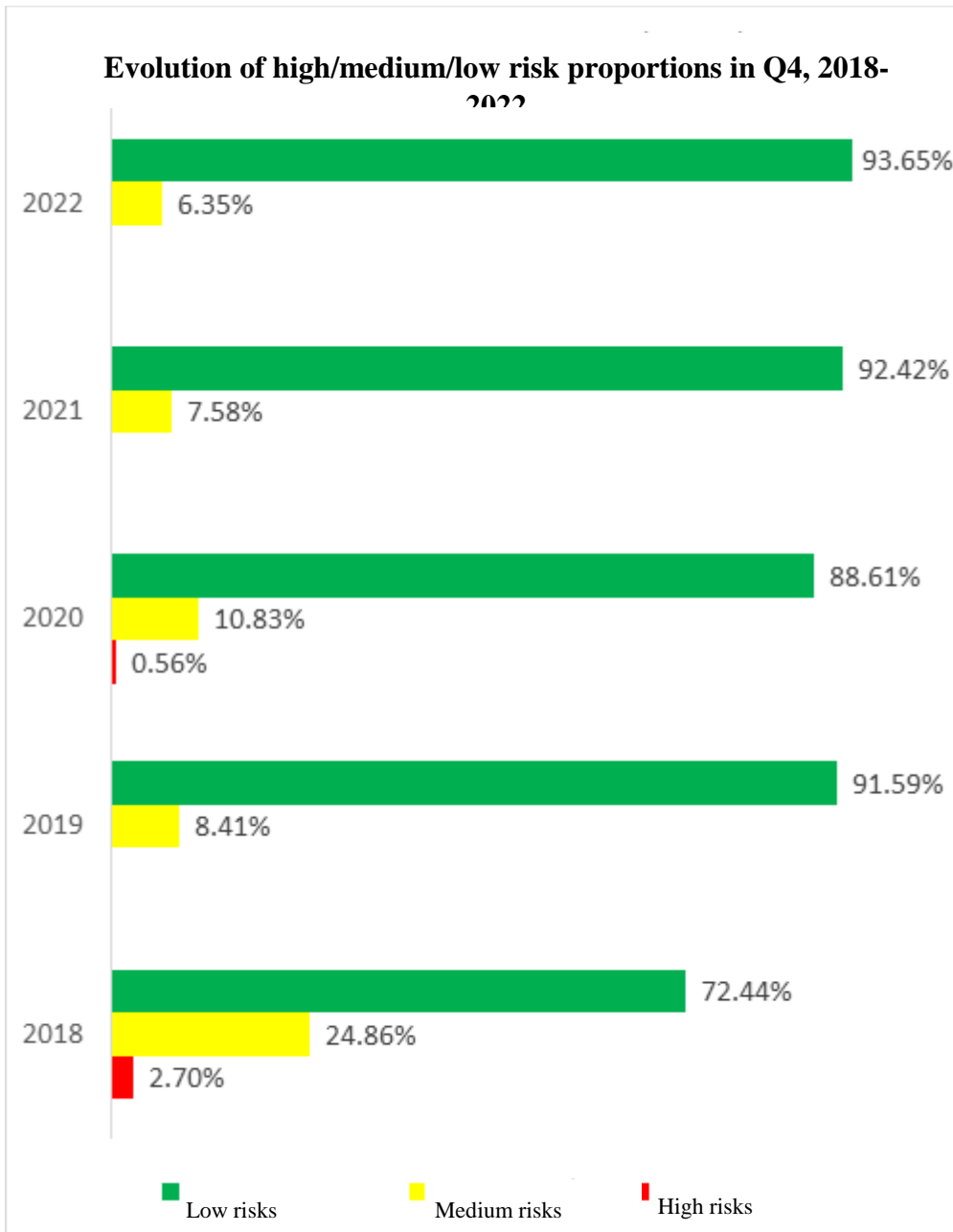
1. Macro-economic environment		
1.1	Market risk	- long-term bilateral contracts, with fixed prices or well-defined price formulas;
1.2	Legislative/regulatory risk	- use of the best technologies that ensure the environment sustainability; - continuous communication with the authorities;
1.3	Currency risk	- negotiation of price conditions that include the currency risk
2. Operational environment		
2.1.	Commercial risk	- negotiation of contracts for a period of more than 1 year, with predefined prices; - policy of evaluation of commercial partners; - capitalization of export opportunities.
2.2	Regarding costs	- conclusion of contracts for the compensation of revenues from the electricity production when the reactors are stopped, thus anticipating the unplanned shutdowns.
2.3	Counterparty risk	- well-designed and detailed long-term contracts; - application of a rating system in the case of parties with which bilateral contracts are concluded; - guarantees (cash in the Company's accounts, letters of guarantee, binding letters of commitment, of the PCG - Parent Company guarantee type).
2.4	Competitive risk	- continuous monitoring of the markets, - applying a cost control policy.

As one can see in the diagram below, the risk register was enriched during 2022, so that at the end of Q4, 425 risks were registered, as compared to 356 risks at the end of Q4 2021. Subsidiary and project risks add to the 425 risks, as follows: EnergoNuclear (16), Nuclearelectrica Serv (8), FPCU Feldioara (10) and risks related to major projects (CTRF – 8, RT U1 – 9, SMR – 9, U3&4 – 11 and U5 – 7).

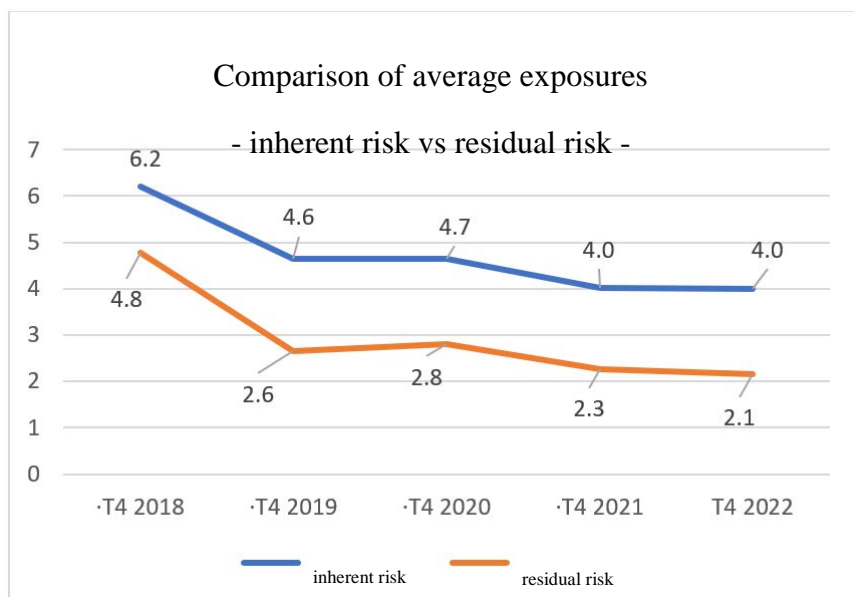
Evolution of the number of risks in Q4, 2018-2022



Regarding the evolution of risks, one can see in the presentation below that during the last 2 years, no risks were identified that exceeded the Company's risk tolerance limit, and the percentage of average risks decreased from one year to the next. These results show that the risk management process is efficient, and the permanent monitoring of the control actions and instruments determines the continuous improvement of results and the prevention of occurrence of any significant risks.



Regarding the average exposure in Q4, it is noted that the inherent average exposure in Q4 2022 is maintained as compared to Q4 2021, as well as a slight decrease in the residual average exposure in the same period of time, which shows that the identified risks were carefully monitored and their mitigation actions were efficient and effective. Thus, SNN managed to achieve the economic and financial objectives and indicators, with unprecedented results in the last years.



Source: SNN analysis

The exceptional results of the risk management function are reflected in the achievement of the company’s objectives and in the performance of the management economic and financial indicators, the carrying out and monitoring of the investments.

The risk management strategy adopted at SNN level takes into account the economic and financial objectives assumed by the management through the management Plan, the realities of the social and economic environment, as well as the future technical and scientific developments. A defining element with a view to increasing efficiency of monitoring the risks at the level of a company in full expansion, is represented by the digitalization process. The development and implementation of certain software applications which should support, improve and increase efficiency of the risk management process at SNN level, represents a permanent concern of the current management. Moreover, the investment in the human resource, the specialized courses organized by the risk management function for the employees of the entire company, result in the consolidation and development of a Security culture, based on the risk identification, assessment and monitoring.

Compliance function

In order to promote and strengthen integrity in the performance of corporate activities, Nuclearelectrica has developed a compliance programme including policies and principles aimed at encouraging and facilitating the activity of preventing, detecting and combating acts of corruption, in order to achieve the objectives established by joining the National Anti-Corruption Strategy. Nuclearelectrica's management and its staff comply with and maintain the concept of zero tolerance

to corruption, taking and giving bribes, being firmly committed to complying with national legislation and the applicable regulatory framework. The company provides access to all necessary information resources and counselling to prevent violations of the law or company regulations.

The CEO and the management of the Company support an organizational culture based on the principles of integrity. By allocating the necessary and sufficient resources for performance of the activity and granting autonomy to the compliance function, the Company recognizes the independence and importance of the function.

The Company promotes, among its employees, collaborators and business partners, the principles of ethics and compliance. For this purpose, in order to make them easier to understand and observe, the principles of ethics and integrity were documented in the Guidelines for Advisors Counsellors and Guidelines for Recruitment of Human Resources, which are provided to every new-hire.

Openness and transparency build credibility and trust between partners in business negotiations. We protect the interests of the investors and the society through a careful selection of our suppliers and partners. We consider that compliance standards are a special factor in promoting our business relationships and we insist, including through contractual clauses, that partners comply with the rules and regulations in force.

In this regard, SNN providers with a high amount of their contracts and clients with negotiated contracts are assessed for the general risk of corruption. The Compliance Office has made available to our business partners, classified in the medium risk category, excerpts from SNN's compliance policies, with the aim of these being taken into account by the management and employees involved in negotiation/performance of contracts, and as a good practice in development of the internal anti-corruption management system.

Acceptance and granting of benefits is subject to rules designed to protect the Company against ethical infringements and any other non-compliance that could cause reputational, business, or financial damage or give rise to legal sanctions. The gifts or benefits received by the SNN staff, which under the scope of the provisions of the specific procedure, are assessed and recorded.

Management of conflicts of interest is very important for protection and integrity of the business environment, and the transparency of the decision-making process. In this regard, the Internal Regulation provides that all employees must disclose any potential conflicts of interest by filling out declarations annually or whenever changes occur.

The SNN's anti-bribery management system is certified according to the standard ISO 37001

The partnership with the World Economic Forum and the membership of the Platform of the Partnering Against Corruption Initiative allows us to be more visible on the international stage, coordinate collective actions on some strategic themes of SNN, participate in global initiatives, such

as zero carbon emissions, use of energy from clean sources, commitment to ethics and integrity, and have extensive access to carefully selected information, reports, briefings, and white-papers.

The activity of the Compliance Office is complex and laborious, and is carried out in the following areas:

- Communication
- Procedures
- Awareness raising and training
- Consultancy
- Control and investigations
- Other corruption risks

The main activities foreseen in the 2022 compliance programme are listed below:

- Implementation of the objectives and measures of institutional transparency and corruption prevention, as provided in the following National Anti-corruption Strategy.
- Participation in government initiatives on anti-fraud/anti-corruption, and in the events organized by AMCHAM Romania to foster integrity in the Romanian business environment.
- Participation to the "Partnering Against Corruption Initiative" platform and the transfer of the expertise gain by improving the internal regulatory framework.
- Continuation of the control and monitoring activities concerning the risk areas and dissemination of the principles of ethics and integrity to our employees and partners.
- Revisiting the anti-corruption and anti-fraud procedures to reflect the amendments of the legislation. The focus is mainly on the recommendations concerning whistleblowing of the EU Directive 1937/2019, under the national legislative framework to be adopted, as well as the regulatory act that ensures transition between the current National Anti-Corruption Strategy for 2016-2020, and the future strategic document.
- Planning training programmes depending on the exposure of the staff to specific risks.

Commitment to development of community and stakeholder relations

GRI 102-40, 102-42, 102-43

In correlation with its field of business, SNN constantly develops, under the responsibility of the SNN executive management, relations with all categories of stakeholders, providing them with relevant information, depending on their interest and trying to constantly respond to their concerns. The most relevant categories of stakeholders are: central and local authorities, shareholders,

investors, national and international non-governmental organizations, mass media, local communities and the population.

SNN applies the provisions of the Aarhus and Espoo Convention regarding the organization of public consultations regarding infrastructure projects with radiological impact. For this purpose, SNN makes available to all categories of stakeholders complete information about the project under public debate by creating a dedicated web page, information, organization of public consultations, information notices in the press, in compliance with the legal provisions.

Cernavoda NPP maintains a close cooperation relationship with the local community of Cernavoda by exchanging information and jointly addressing the problems of community, and providing constant information about the doses issued via the Community Information and Consultation Board.

For a comprehensive approach to community consultation, the executive management has decided to supplement its community communication and consultation programme by setting up the Community Information and Consultation Board (CICB). The Board is formed citizens of the town of Cernavoda and the communes of Saligny and Seimeni, representatives of non-governmental organizations and members of different institutions that are interested in matters related to the nuclear power plant.

CICB has approx. 30 members whose concerns interfere with the existence and activity of Cernavoda NPP:

- citizens of the town of Cernavoda and of the communes of Saligny and Seimeni;
- representatives of non-governmental organizations;
- representatives of the local administration;
- representatives of important institutions (schools, police, hospitals, agriculture, churches, etc.)
- representatives of the private business environment.

This document sets out the scope of activity and the administrative procedures of the Community Information and Consultation Board (CICB).

The Community Information and Consultation Board (CICB) supports Cernavoda NPP in identifying and effectively responding to the questions, concerns and interests of the community, in relation to Cernavoda NPP's activity. Also, the Board has the following purpose:

- to identify the problems, concerns and interests of the community;
- to provide Cernavoda NPP with consultancy, advice and opinions on the community expectations in all areas/fields of interest related to the activity of Cernavoda NPP;
- to defines the actions that its members consider necessary in order to be able to continuously improve the activities on site and to contribute to a better communication and collaboration between Cernavoda NPP and the local community;
- to provide consultancy, advice and opinions on the communication activities of Cernavoda NPP with the community on the environmental, business and social effects of the power plant's operation on the community;
- to supply data and information for environmental assessments related to Cernavoda NPP;
- to participate in the visits made to site of Cernavoda NPP, that are relevant for the local community;
- at certain time intervals, to prepare and publish a report on the activities of the Community Information and Consultation Board (CICB); □ to work with other consultation organizations related to the nuclear industry (ROMATOM, AREN, etc.), in a way that maximizes distribution of information and minimizes its duplication.

The Nuclear Power Plant of Cernavoda ensures:

- to provide information about the items on the agenda in an appropriate and timely fashion, so that the Board can assist and support Cernavoda NPP to carry out a given action in an appropriate manner;
- the expert operating and scientific advice from internal resources in order to support the Board's activity; Cernavoda NPP will strive to provide professional resources to support the Board's activity when such expert advice is needed;
- to taking the necessary measures for the people of NCNAC or other important authorities to participate in meetings/gatherings to answer the CICB's questions, when Cernavoda NPP is not the organization in a position to provide such answers;
- to participate in debates with a view to finding solutions and attaining the objectives of the Company and the community;
- the use of Board as a survey body concerning the objectivity and content of the communications;

- to give feedback to the Board on the decisions made and their progress, as well as on performance of the activities;
- to organize the meetings and provide the necessary logistics.

In Cernavoda, there is one population information center where public events, debates and presentations are organized.

The objectives of the Information Center are:

- To raise public awareness and acceptance of the nuclear energy
 - to deliver presentations to students of schools and high schools, members of associations, committees, and citizens of the town of Cernavoda;
 - to organize meetings on "Nuclear Energy";
 - to organize sessions and discussions with the citizens of the town;
 - to organize exhibitions and contests of painting, manual work, etc. with the theme "Nuclear Energy";
 - to organize visits to the nuclear power plant.
- To provide prompt, accurate correct and efficient information of the population
 - to provide information on events taking place in the power plant or that could affect the power plant;
 - to release regular external newsletters to be distributed to local authorities;
 - to have regular work meetings with the representatives of the municipalities, associations, etc. which have the necessary authority to inform the population about the importance and benefits of the nuclear power plant for the community;
 - to answer to citizens' questions using the "Request and answer to questions/petitions/comments/suggestions form".
- To organize joint actions with the local authorities, so that the town's population is trained in case of a radiological emergency
 - to hold sessions for presentation of the response procedures in case of radiological emergency, and specific protection trainings for the population of the town of Cernavoda, the municipality's staff, the representatives of associations, etc.
- To build the trust of the population in the Romanian nuclear programme
 - To deliver presentations on the plant's performance.
 - To hold meetings between the power plant's specialists and citizens.
 - To issue monthly Newsletters with the results obtained in the effluent and environment monitoring programme - Cernavoda NPP MONTHLY NEWS.

Because the population is one of the most important stakeholders for a nuclear power plant operator, S.N. Nuclearelectrica S.A. conducts opinion polls at national level, every two years, and adapts its external communication strategy so as to respond to the population's needs for information.

Citizens can approach the Management of Cernavoda NPP using the "Request and response to questions/petitions/observations/suggestions" form, publicly available at: [Formular-de-solicitare-si-raspuns-la-intrebari-petitii-observatii-sugestii.pdf \(nuclearelectrica.ro\)](https://www.nuclearelectrica.ro/Formular-de-solicitare-si-raspuns-la-intrebari-petitii-observatii-sugestii.pdf)

The petitions filed by citizens are entered by the staff of the Public Relations Office in a register; the answers will be sent to the address entered in the "Request and response to questions/petitions/observations/suggestions" form or, when no address was provided, the petitioner will be given notice thereof by phone that they can come to the headquarters and pick up a written response.

Community development programmes

The responsibility for development of the communities where it operates is a priority for a nuclear operator. Sustainability and development are values of the Company, strategic action lines and a commitment of the Company.

The actions of S.N. Nuclearelectrica S.A. for development of the local community are an integral part of the corporate plan and have been and are carried out throughout operation of Units 1 and 2.

1. From the point of view of infrastructure development and access to education, health, and better living conditions, at the end of 2008, 11 important works were completed
2. 1.1 Food store on the site of the power plant

1.2 Kindergarten

1.3 Drinking water station (pumping and treatment)

1.4 Upgrading of junctions and streets

1.5 District heating networks

1.6 "Sfanta Maria" bridge for car access to the Cernavoda railway station and Fetești-Cernavoda motorway, over the Danube-Black Sea Canal

1.7 Energetic High School of Cernavoda

1.8 Hospital with 100 beds and polyclinic dispensary in Cernavoda

1.9 Sewage and residual water treatment station

1.10 Four drinking water fountains

1.11 Set of housing units

3. From the point of view of ensuring jobs: Currently, more than 1,600 jobs are provided;
4. From the point of view of talent development and increasing diversity, inclusion, and equality, since 2021: implementation of dual education in the community high schools, traineeships, vocational school, internships, apprenticeships, involvement of the SNN staff in career guidance, meetings, and workshops

5. From the point of view of facilities: Ensuring the heating of the town of Cernavoda: for approximately 60% of the inhabitants of the town of Cernavoda, at the lowest rate in the country
6. From the point of view of extending the services for community: In 2021, SNN established the NuclearServ subsidiary to provide services to both the Company and at local level.

For a comprehensive approach to community consultation, SNN has implemented the community communication and consultation programme by setting up the Community Information and Consultation Board (CICB). The purpose of CICB is to identify the issues, concerns and interests of the community and to provide Cernavoda NPP with consultancy, advice, opinions and suggestions about the community expectations in all areas/fields of interest, with a view to continuously improving the activities on site and making a contribution to the well-being of the community.

Considering that Unit 1 started to be commercially operated in 1996, and Unit 2 in 2007, to which adds the plan to extend the initial lifetime of both units by another 30 years, it is too early to speak about post-decommissioning development, as its effectiveness depends on the specific needs of the community.

Operating permits and licenses

GRI 307

The Company pursues its business via its two Branches based on the following main categories of specific permits, special licenses and specific rights:

1. Site Permit no. I/605/30.09.1978, issued by the State Committee for Nuclear Energy;
2. Nuclear permits issued by the National Commission for Nuclear Activities Control (NCNAC);
3. Licenses issued by the Romanian Energy Regulatory Authority (RERA);
4. Other authorizations.

(c) Site Permit no. I/605/30.09.1978, issued by the State Committee for Nuclear Energy

The Site Permit was issued for erection of a CANDU-PHWR 4x660MWe nuclear power plant, consisting of four nuclear reactors, on the site of Cernavoda. The permit was issued pursuant to Law no. 61/1974 and of the Nuclear Safety Rules "Nuclear Reactors and Nuclear Power Plants" of 1975, and provides for the main technical characteristics of the nuclear power plant.

(d) Nuclear permits issued by NCNAC

According to Article 8(1) of Law no. 111/1996, operators are required to obtain specific permits issued by NCNAC, in observance of the permitting procedure specific to each kind of activity or

source, in order to carry out their activities and/or use the sources falling under the scope of this regulatory act. At the end of 2022, SNN holds the following valid permits in the nuclear field:

(iv) Nuclear permits issued by NCNAC for the Cernavoda NPP Branch:

- Nuclear safety permit for operation and maintenance of the Cernavoda Nuclear Power Plant, Unit 1, permit no. SNN Cernavoda NPP U1 - 01/2013. The permit was for a period of 10 years, from 1 May 2013 until 30 April 2023;
- Nuclear safety permit for operation and maintenance of the Cernavoda Nuclear Power Plant, Unit 2, permit no. SNN Cernavoda NPP U2 - 01/2020. The permit was for a period of 10 years, from 8 December 2020 until 7 December 2030;
- Building Permit for Modules 12, 13, 14, 15, 16 and 17 of the Spent Fuel Intermediate Storage, permit no. SNN DICA Building 02/2020. The permit is valid until 19 August 2025;
- Permit for operation and maintenance of Modules 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 and 14, of the Spent Fuel Intermediate Storage, i.e. permit no. SNN DICA 09/2023. The permit was issued on 9 January 2023 and is valid until 15 July 2053;
- Quality management system permit for nuclear operation, design, supply, repair and maintenance activities, and operation of nuclear software products. Permit no. SNN Cernavoda NPP - 01/2021 is issued for a period of 2 years, from 1 May 2021 until 30 April 2023.

(v) Nuclear permits issued by NCNAC for the NFP Pitesti Branch:

(e) Permit for the Quality Management System in the nuclear field no. 22-038 issued under Article 24 of Law no. 111/1996, for the nuclear fuel manufacturing activities, valid for 2 years, from 18 September 2022 and until 17 September 2024;

(f) 8 permits to perform activities in the nuclear field:

i. Permit LD/266/2022 for performance of activities in the nuclear field, issued by NCNAC for NFP Pitesti to HOLD closed sources of ionizing radiation, radiological plants with sources of ionizing radiation, devices generating ionizing radiation, nuclear fuel production facilities, nuclear fuel, nuclear materials, nuclear fuel bundles, radioactive waste, materials of nuclear interest and dual-use materials provided in the Government Decision no. 916/2002, valid from 15 November 2022 and until 30 January 2024;

ii. Permit LD/268/2022 for performance of activities in the nuclear field, issued by NCNAC for NFP Pitesti to USE closed sources of ionizing radiation, radiological plants with closed sources of ionizing radiation, and devices generating ionizing radiation, valid from 15 November 2022 and until 30 January 2024;

iii. Authorization DN/021/2022 for performance of activities in the nuclear field, issued by CNCAN for NFP Pitesti to HANDLE closed sources of ionizing radiation, nuclear materials, nuclear fuel, radiological plants with closed sources of ionizing radiation, devices generating ionizing radiation and waste radioactive, valid from 31 January 2022 and until 30 January 2024;

- iv. Permit LD/2678/2022 for performance of activities in the nuclear field, issued by NCNAC for NFP Pitesti to PRODUCE nuclear fuel, valid from 15 November 2022 and until 30 January 2024;
 - v. Permit LD/023/2022 for performance of activities in the nuclear field, issued by NCNAC for NFP Pitesti to TEMPORARILY STORE nuclear materials, nuclear fuel type CANDU-6 and radioactive waste valid from 31 January 2022 and until 30 January 2024;
 - vi. Permit LD/024/2022 for performance of activities in the nuclear field, issued by NCNAC for NFP Pitesti to SUPPLY nuclear materials, and nuclear fuel type CANDU-6 valid from 31 January 2022 and until 30 January 2024;
 - vii. NFP Transport Permit 20/2018 for transport of radioactive materials valid from 10 January 2019 and until 9 January 2024;
 - viii. Permit PM/219/2021 for possession of unpublished information valid from 29 November 2021 and until 28 November 2026.
- (g) Under the Qualification Certificate no. NFP-ODD 12/2020, NCNAC updated the qualification of the staff radiation protection and dosimetry laboratory of NFP Pitesti as a Dosimetry Body, valid from 27 October 2020 until 26 October 2025.
- (h) CLEARANCE no. 956/20.03.2017 for the jobs in NFP Pitesti classified in radiological risk categories I-IV and special conditions, valid from 1 September 2021 and until 1 September 2023.

(vi) Nuclear permits for the Headquarters:

- (e) Quality management system permit for operating nuclear management activities. Permit no. SNN EX - 01/2021 is issued for a period of 2 years, from 1 May 2021 until 30 April 2023;
- (f) Permit no. PD/229/2021 for possession of heavy water for Units 3 and 4, valid from 17 November 2021 until 25 October 2023.

(iv) NCNAC authorized staff: In the SNN Headquarters, there are 4 operation permits issued according to the NCNAC rules, for management positions, one permit for independent assessment of nuclear safety and a Level 3 operation permit for nuclear raw materials, mining and ore processing specialty.

For Cernavoda NPP Branch, the Company holds 19 NCNAC operation permits for the management staff, 4 NCNAC operation permits for the training staff, and 45 NCNAC operation permits for the operational staff of the control rooms of the two Units, as well as 4 permits for independent assessment of nuclear safety, in GEI.

For NFP Pitesti Branch, the Company holds 4 NCNAC operation permits for the management staff and 30 operation permits in the nuclear field, Level 2, as well as 2 permits for independent assessment of nuclear safety, in CEI.

(g) Licenses issued by RERA

According to the Regulation for the granting of licenses and permits in the electricity sector, as approved under the Government Decision no. 540/2004, the activities of electricity supply, electricity general and heat generation in cogeneration facilities are carried out under licenses issued by ANRE for this purpose.

The Company holds, at the date of the Report, the following licenses issued by ANRE:

c) License no. 5/03.12.1999 for generation of electricity, issued under the ANRE Decision no. 80/03.12.1999;

d) License no. 2218/27.05.2020 for commercial exploitation of heat generation facilities, issued under the ANRE Decision no. 848/27.05.2020.

e) License no. 2236/30.09.2020 for electricity supply, issued under the ANRE Decision 1715/30.09.2020, valid from 21 October 2020.

The Company complied, both during the previous years and in 2022, with the provisions of the conditions attached with the licenses listed above.

License no. 5/03.12.1999 concerns authorization of the Company to carry out the electricity generation activity through commercial operation of the energy facilities related to the electricity generation units. The license came into force on 3 December 1999 and is valid for a period of 25 years. Under the ANRE Decision no. 1683/01.11.2007, the license was amended in the sense that the installed power of the energy facilities of the Company increases from 706.5 MW up to 1,413 MW and other conditions related to the license were approved after the commissioning of Unit 2 of Cernavoda.

License no. 2218/27.05.2020 concerns authorization of the Company to carry out commercial operation of the heat production facilities related to the electricity and heat generation units, consisting of two heat exchangers with a total heat power of 44 Gcal/h and 40 MW. The license came into force on 27 May 2020 and is valid for a period of 25 years.

License no. 2236/30.09.2020 for the supply of electricity is valid as of 21 October 2020 for a period of 10 years, and concerns the authorization of the Company to carry out the supply electricity on the retail electricity market.

(h) Other authorizations

- ISCIR regulatory documents;

- Declaration to the National Anti-Drug Agency;
- Licenses issued by the Romanian Communications Regulatory Authority (ANCOM). Cernavoda NPP obtained from ANCOM 5 licenses for the use of radio frequencies, while NFP Pitesti obtained 10 such licenses;
- Fire safety permits;
- Sanitary permits.

In the field of environmental protection, permits and certificates were presented separately in the report.

Nuclear safety

The permanent maintenance of a high level of nuclear safety in all phases of performance and operation of nuclear objectives and facilities is of vital importance and constitutes the first priority for SNN.

SNN has developed and respects a nuclear safety policy that was approved by NCNAC, in order to maintain a high and constant level of nuclear safety in all phases of the commissioning and exploitation process of nuclear installations. The nuclear safety policy provides guarantees of good execution for all important activities regarding nuclear safety, in all phases of implementation and exploitation of nuclear installations. This document confirms that nuclear safety has the highest priority.

Nuclear safety as a field is a set of technical and organizational measures intended to:

- ensure the safe operation of nuclear facilities;
- to prevent and limit their deterioration;
- to ensure the protection of the staff, the population and the environment against radiation or radioactive contamination.

The high level of nuclear safety is ensured by the way in which nuclear facilities are designed, built and operated. The risk generated by the nuclear fuel from the reactors on the population and the external environment is minimal, due to the fact that:

- The power of the reactor is under control;
- The fuel is cooled down;
- The radioactivity is retained, and all are performed continuously.

The nuclear safety philosophy of CANDU-type power plants is based on the concept of “Defence in Depth”, which ensures gradual protection in the event of equipment failures, human errors, transient regimes anticipated in operation or accidents, including severe accidents. For the implementation of this concept, the project foresees a number of successive protection barriers against the uncontrolled release of radioactive materials into the environment. In addition to the five major barriers against the release of fission products to the population from a CANDU-type power plant: fuel matrix, fuel sheath, primary circuit enclosure, envelope enclosure and exclusion zone; passive or active characteristics have been included in the system design, intended to prevent or limit the consequences of a process failure or accident sequences, which could otherwise lead to releases of radioactive materials into the environment.

No CANDU-type nuclear power plant has reported events or accidents that threaten the health or safety of the population. To supplement the measures intended for the power plant's operation under full safety conditions, planning and preparation for emergency situations is a mandatory condition for authorizing a nuclear power plant to operate. At Cernavoda nuclear power plant, emergency preparedness is checked and improved in quarterly, annual or general drills (once every 3-4 years). In the aftermath of the Fukushima accident, the European Commission and the Group of European Regulators of the Nuclear Society have decided that the nuclear safety of nuclear power plants in Europe should be reviewed based on transparent and extensive risk assessments, called "Stress Tests". The technical purpose of these stress tests was defined considering the risks that were highlighted by the events at Fukushima. Emphasis was placed on the following issues: the triggering events, such as earthquakes or floods, the consequences of the loss of the safety functions during these events, as well as the difficulties of managing severe accidents.

Cernavoda NPP, together with AECL Canada and Ansaldo Italy, issued the "Report on Reassessment of the Nuclear Safety Margins". The assessment conducted proves that Units 1 and 2 of Cernavoda NPP meet the nuclear safety requirements set out under the design and can face severe earthquakes and floods, as well as the total loss of electricity supply and cooling water. In addition, methods and procedures were identified for the management of potential severe accidents. Also, methods were identified to prevent and limit the consequences of accidents that can cause melting of the active area.

In order to ensure good coordination with the competent Local Public Authorities on the response to emergency situations, Cernavoda NPP has set up two important facilities for the town of Cernavoda, namely: The Local Center for Emergencies of the Cernavoda Municipality and the Personal Decontamination Area, in the Cernavoda Town Hospital.

Procurement in SNN

GRI 204

SNN purchases products, services and works under the provisions of Law no. 99/2016 on sectoral procurements and performs the vast majority of the procurement procedures on the SEAP electronic platform.

Also, for more complex projects, SNN initiates Market Consultation announcements, Which are also published in SEAP (<https://e-licitatie.ro/pub/mc-notices/list/1>). During the market consultation, meetings can be held with interested suppliers; the aspects subject to consultation may concern technical, financial or contractual solutions to meet needs of SNN.

Apart from the "classic" qualification criteria (regulated by Law no. 99/2016), such as similar experience, turnover, implementation of quality systems such as ISO 9001 and/or ISO 14001, permits specific to the fields regulated by authorities such as ANRE, IGSU, ISCIR, etc., the tender procedures often require permits specific to the nuclear field, which are issued by the National Commission for Nuclear Activities Control (NCNAC).

When the products, services or works that are covered by the procurement/contract have an impact on the environment, the qualification criteria must also include specific requirements/criteria according to national and international legislation in the field of environmental protection and/or of the management, transport and disposal of waste (including hazardous waste), such as, but not limited to: certification of the environmental management system according to the standard SR EN ISO 14.001, environmental permit issued by the competent environmental protection authorities for collection, packaging, transport, temporary storage, treatment, recovery and disposal of waste, as the case may be, permit for operations with substances of the category of classified substances issued by the National Anti-Drug Agency, certificate of registration to "National Register of study developers for environmental protection", certificate of qualification as a notified body for the nuclear field, for laboratories that carry out environmental radioactivity analyses.

CSR

GRI 102-43, 413

Nuclearelectrica is a strategic company, with an important role in the safety of the national energy system, contributing to the national energy security and stability, creation of quality jobs, maintaining the supply chain and the Romanian nuclear industry, developing education programmes to train nuclear engineers and not only, research and innovation programmes, as well as development of the local communities where it operates through investments in social responsibility (CSR) projects.

As an important actor in the society, SNN constantly maps the interests and concerns of its stakeholders in order to build a trust-based relationship and support sustainable development that produces value for as many categories of the public as possible.

The SNN's CSR Platform Nucleus of Care contributes improvement of the life quality in the communities targeted by CSR projects and sponsorships granted by the company. SNN's involvement in the society is necessary not only to ensure good business 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 performing Romanian society. CSR projects and the sponsorships concern the most urgent needs of the communities and environment, in order to actively take part in the improvement of the living conditions by supporting strategic partnerships with the civil society.

Thus, investing a share of the annual profit of SNN in shares by CSR and sponsorships shall be an integral part of the company development strategy and the initiatives are linked with its important values. 5. The CSR and sponsorship strategy of SNN is in line with the Company's business strategy, and the initiatives are linked with the Company's business purpose and its important values. With its Nucleus of Care platform, SNN supports initiatives of not-for-profit organizations and institutions actives in fields of social impact, such as: educational and research, medical and humanitarian, culture and environment.

SNN's CSR and sponsorship strategy sets out principles related to SNN's business culture, such as: economic equity, social equity, fair behaviour, transparent relationships, integrity, moral principles and investments in the community.

With its actions, SNN intends to address the real problems of the community, and make a contribution to a change for the better which the Romanian society needs for equal opportunities, increasing the standard of living and tapping into resources and, last but not least, growing the future generation. SNN strives to build a long-term relationship based on trust with employees, local communities, suppliers and partners and citizens, to serve as a foundation for creating sustainable business models. Greater trust therefore contributes to creation of an environment in which SNN and its stakeholders can innovate and develop. SNN is aware that its business activities require, more and more, an ethical foundation that positions the man, the environment and the social considerations at the center of the business activity.

Objectives

Under the CSR and sponsorship strategy for 2022, SNN aims to attain the following objectives:

- Developing relations with the local community, NGOs, opinion leaders and building local capacity;
- Attracting and training young specialists;
- Positive impact in the communities that need support to address major issues; positive impact in the communities where it operates
- Communication of the benefits of nuclear energy, as a clean source of energy, as well as of the social and economic impact of the Company;
- Increasing acceptance of the use of nuclear energy in Romania and of the Company's investment projects;
- Responding to the genuine problems of the community;

SNN runs annual reviews and planned and targeted CSR actions and sponsorships, focused on a number of identified social problems, meeting the estimated budget needed for implementation of the CSR programmes and in accordance with this strategy. SNN adopts a proactive approach to its communication on the Nucleus of Care platform at national level, where projects are invited to sign up for selection and granting of sponsorship, and applies a transparent decision-making process, based on clear criteria communicated under the sponsorship granting procedure and through the sponsorship application form. Social responsibility, regardless of how it is implemented, is an integral part of the Company's vision and strategy, under the Empathy and Responsibility values, and is one of the Company's 5 strategic directions, and SNN continues to support both the local community, and initiatives that foster innovation and continuous development.

Strategic directions in 2022

The CSR and sponsorship actions in which SNN was involved in 2022 targeted projects and stakeholder groups whose funding needs fell into the areas listed, and selected them according to the beneficial impact that SNN can bring to the areas with increased risk, with a view to addressing some major social problems of the Romanian society.

In 2022, SN Nuclearelectrica SA launched the social responsibility platform the “Nucleus of Care”, which follows the strategic directives and the vision of the company to build a sustainable future for the future generation, both by clean power production at excellence standards, and by the social and economic impact which it has in Romania.

The “Nucleus of Care” platform aims at projects and beneficiaries whose needs for financing are classified into health, educational and environmental areas, and the projects in the areas where

the company carries on its activity have priority. The projects listed according to the forms made available under the company regulation were selected and approved based on the related public regulation, depending on the positive impact which they could bring in high risk areas or within certain risk groups, in order to solve certain major social issues.

- **For Education**, the platform **Nucleus of Care** is intended for project that contribute to the creation and development of the educational environment through specific actions of renovating and equipping schools, both with specialized laboratories (physics, chemistry, computer science, robotics, etc.), and in terms of online education, which requires the possession of tablets, laptops and other equipment for laboratories and properly and modernly equipped classrooms for online education, which the less favoured public categories cannot afford. Also, educational projects of mentorship, career development, access to quality education, scholarships, etc. are supported.
- **For the medical field**, the **Nucleus of Care** platform targets projects that increase access to high-performance and quality medical services through provision of medical equipment and services, actions or other activities related to this field.
- **For the environmental protection**, considering that Nuclearelectrica is a producer of clean energy, without greenhouse gas emissions, the **Nucleus of Care** platform targets environmental projects that can emphasize the essential role that the Company has in managing climate change through actions of afforestation/reforestation, creation of green spaces in the communities where Nuclearelectrica operates, and provision of support to environmental/mountain organizations, etc.

These domains and subdomains are published by SNN on the website and promoted as such for the purpose of informing potential applicants.

Year	Total Amount Given (LEI)	Impact	Education		Health		Environment		Other Domains	
			Sums Given (lei)	Impact (nr. of people)	Sums Given (lei)	Impact (nr. of people)	Sums Given (lei)	Impact (nr. of people)	Sums Given (lei)	Impact (nr. of people)
2022	10.58 million	15 million Romanians	3 million	219 thousand	2.47 million	417 thousand	1.96 million	1.2 million	3.1 million	13.16 million

2021	9.38 million	3.3 million Romanians	4.24 million	24 thousand	3.48 million	51 thousand	845 thousand	61 thousand	800 thousand	3.16 million
2020	9.83 million	2.4 million Romanians	509 thousands	6 thousand	8.25 million	2.37 million	–	–	1.06 million	15,6 thousand
2019	10.84 million	2.1 million Romanians	3.20 million	2 million	5.76 million	41 thousand	95 thousand	17 thousand	1.77 million	40 thousand

Affiliations

GRI 102-13

Maintaining SNN's membership status in national and international organizations identified as relevant and useful for SNN's activity, both from the point of view of exchanging information and experience and access to data in the nuclear field, as well as from the point of view of reducing the costs of carrying out a series of works and analyses on our own is a necessity for maintaining and improving the operating results, safety and efficiency of the company.

No.	Organization	Description
1	WANO -World Association of Nuclear Operators (Atlanta and London)	<p>WANO is an international organization of the nuclear power plant operators. WANO's mission is to maximize nuclear safety and operation reliability for nuclear power plants by sharing information and encouraging communication, comparison and emulation among its members.</p> <p>WANO is organized on four regional centers: Atlanta, Paris, Moscow and Tokyo, and a coordination center in London. SNN is affiliated with the Atlanta Regional Center.</p> <p>The main programmes of WANO are:</p> <ul style="list-style-type: none"> ▪ Peer Review ▪ Operating Experience ▪ Professional and Technical Development ▪ Technical Support and Exchange <p>In 2021, the monitoring activities of the WANO representative for Cernavoda (Performance Monitoring Leader) took place continuously, according to the timeline.</p>
2	INPO-Institute of Nuclear Power Operators	<p>INPO is an American institute set up in 1979 to carry out activities in support of the operation of nuclear power plants under safety and reliability conditions. INPO members are the American nuclear power plants under commercial operation, as well as other international organizations in the nuclear field.</p> <p>INPO's areas of activity include:</p> <ul style="list-style-type: none"> ▪ performance assessment of the member power plants; ▪ training and accreditation of operators, in collaboration with the National Academy of Nuclear Training; ▪ analysis of events and sharing of operating information and experience; ▪ provision of assistance to members in various fields.
3	COG -CANDU Owners Group	<p>COG is a not-for-profit organization of CANDU nuclear power plant operators that provides a framework for cooperation, mutual assistance and information exchange in order to support and develop the CANDU technology. COG members are CANDU operators from</p>

		Argentina, Canada, Korea, China, India, Pakistan and Romania, as well as the designer of the CANDU system, AECL-Canada.
4	COG R&D Research and Development Programme	The COG R&D programme addresses the current operational problems and interests of the affiliated nuclear power plants, in order to ensure support for a safe, reliable and economic operation of the CANDU power plants. The programme includes 5 sub-programmes: Fuel Channels (FCs), Nuclear Safety and Licensing (S&L), Chemistry, Materials and Components (CM&C), Radiation Protection and Environment (HS&E), Thermohydraulic and Accident Calculation Codes (IST).
5	COG JP&S Program Joint Projects & Services	Joint Projects and Services (JP&S) is one of the four programmes managed by COG (CANDU Owner Group) in order to assist and coordinate the participating members who operate CANDU power plants in initiation and joint development of collaboration-based projects, with the direct benefit of lower costs, exchange of information and acquisition of technical expertise.
6	3.2.COG NSEA Nuclear Safety and Environmental Programme	The NSEA programme addresses issues related to the fundamentals of the nuclear safety design. It mainly focuses on addressing the generic actions of the regulatory bodies, security assessments of new power plant projects and ensuring the necessary support for the long-term safe operation of CANDU power plants.
8	Electric Utility Cost Group (EUCG)	EUCG is an international cooperation group of the energy industry, having a special section for the nuclear energy sector in which US nuclear power plants take part (22 companies), plus 11 other companies from Canada/France/China/Japan/Romania/Brazil/Mexico.
7	PROCORAD	Cernavoda NPP has been participating, through the Environmental Control Laboratory and the Individual Dosimetry Laboratory, in PROCORAD's intercomparison exercises for radioactivity measurements on biological, effluent and environmental samples since 2001. <ul style="list-style-type: none"> ▪ Free tritium in urine ▪ Organically bound tritium in urine ▪ Carbon-14 in urine ▪ γ and X emitters in urine ▪ Uranium in urine
8	EPRI Electric Power Research Institute & Administration Fee	EPRI is a not-for-profit organization, financed by utility suppliers of the international energy industry, as well as by other governmental or public organizations, in order to ensure an organized framework for performance of specific research activities in the field of electricity generation, delivery and usage.
9	SNUG Snubber User Group	Affiliation to the SNUG group (set up 2003) offered the possibility of accessing SNUG property documents (Snubber Users Group) needed for implementation, running and optimization of the Snubber Programme in Cernavoda NPP.

10	Nuclear Procurement Issues Corporation (NUPIC)	NUPIC is an organization that monitors the significant challenges and issues in the nuclear industry liable to influence the procurement, planning and management of activities.
11	RAPIDPARTSMART	RAPIDPARTSMART integrates the "OIRD" database through which, if one of the members (another nuclear power plant) identifies a replacement solution for an obsolete product, this is added to the database, along complete information about the manufacturer and model of the replacement product and a technical equivalence assessment.
12	POMS	Through POMS, nuclear power plants identify the "obsolete" products they installed and replacement solutions for these, identify manufacturers of replacement products, identify multiple suppliers to restock spare parts, and can locate suppliers of the products needed in case of an emergency.
15.	LICENSES FOR ACCESS TO THE IEEE STANDARDS	The IEEE standards provide technical information and verification/testing criteria, as well as operating limits for electrical and electronic equipment, which are not to be found in other documents. Also, these standards are referenced in the EPRI documents, as well as in the WANO, INPO, COG databases.
18.	Romanian Atomic Forum (ROMATOM)	The Romanian Atomic Forum - ROMATOM is a Romanian legal entity under the private law, an independent representative union at national level, without assets or profit-making purpose, non-governmental, non-for-profit, apolitical, and formed the associate members or supporters. Its members are Romanian and/or foreign legal entities whose scope of business covers generation of electrical and heat through nuclear processes or suppliers of goods and or providers of services in the Romanian nuclear industry, as well as other legal entities that carry out activities in the field of energy, in general, or of nuclear energy, in particular, or activities related to the field of nuclear energy, research in the field of atomic and nuclear physics, as well as professional, technical or scientific associations, organized according to the Romanian legislation in force.
19.	Romanian National Committee of the World Energy Council	<p>The Romanian National Committee of the World Energy Council, one of the founding members of the world organization the World Energy Council, has made in time substantial contributions to the development of the energy policy of our country and to promotion of Romania's interests abroad.</p> <p>The mission of CNR - CME is a sustainable energy development in Romania, through the efficient use of energy resources of all forms. CNR - CME, which currently brings together more than 350 collective and individual members, aims to actively integrate Romania's energy policies into the major options and trends that are displayed at global level.</p>

22.	Romanian Energy Suppliers Association (AFEER)	The status of SNN as a member of an independent professional organization, with the main business purpose of establishing and supporting a position for its members in the specific field not, only of the supply, but also of the sale of electricity.
23	Romanian Investor Relations Association (ARIR)	The Romanian Investor Relations Association is a non-governmental and not-for-profit organization that was founded with the aim of offering current and potential issuers a platform for the development of professionals in the field of investor relations (IR) and of contributing to implementation of the best practices in communication with investors and in corporate governance. SNN is a founding member of ARIR.
26	World Economic Forum	SNN is the first Romanian company to become partner of the World Economic Forum. Joining the Partnering Against Corruption Initiative creates the possibility of accessing good practices in the field of ethics and integrity, and developing the dialogue with the forum's members on these topics.
27	UN Global Compact	S.N. Nuclearelectrica S.A. is affiliated to the UN Global Compact since 14 March 2022.
28	24/7 CARBON-FREE ENERGY COMPACT	In November 2022, SNN became an affiliate to the United Nations 24/7 Carbon Free Energy Compact , committing to observe the UN 24/7 principles in support of the UN objective to accelerate the electricity system, mitigate climate change and ensure access to clean and affordable energy
30	Nuclear Energy Institute (NEI)	NEI's mission is to promote the use and development of nuclear energy through effective operations and policies.
31	International Energy Forum (IEF/IAC)	Supporting the role of nuclear energy in the decarbonization context.

Nuclearelectrica S.A.

Report under Article 8 of the Regulation (EU) No 2020/852 of the European Parliament and of the Council (“Taxonomy Regulation”)

Financial Year 2022

Limitations

This report can be considered by Nuclearelectrica S.A. to define eligible and taxonomy-aligned activities (in order to meet the reporting requirements), including its related assessment (DNSH analysis, climate survey and review of whether the minimum social safeguards have been observed). Nuclearelectrica SA is fully liable for the final content published in the sustainability report and for all decisions made based in reliance of our report and the enclosed documents.

The recommendations contained in our deliverables are provided to you for the purpose described above and we shall not accept any liability towards any other party.

No reference to our recommendations or to PwC may be shown or otherwise communicated, nor may be these made known to any other party otherwise than with our prior written consent, which consent we can choose to give or not on a case-by-case basis (including in instances related to the reliability of third parties or the exclusion or limitation of our responsibility and liability). Moreover, no verbal reference shall be made to our opinion or recommendation save than in the form agreed with PwC.

We reserve all copyright and other intellectual property rights on all materials prepared by us either before or during the engagement, including on the systems, methodologies, software and know-how.

We also reserve all copyright and other intellectual property or industrial property rights on all opinions and recommendations contained in other written materials provided by us to you; nevertheless, you will have the right to distribute copies of this material in your company, provided that its confidential nature is observed as such.

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1 Introduction

This report has been prepared to describe the information required under Article 8 of the Taxonomy Regulation (Regulation (EU) 2020/852) to be included in the Non-financial Statement of the **National Company Nuclearelectrica S.A. (hereinafter referred to as “SNN” or the “Company”)**, for the financial year 2022. The information complies with the simplified reporting requirements under Article 8 of the Taxonomy Regulation and under Article 10(2) of Article 8 of the Delegated Act (Commission Delegated Regulation (EU) 2021/2178) and the subsequent acts amending Delegated Regulation (EU) 2021/2139 and Delegated Regulation (EU) 2022/1214.

2 Article 8 Taxonomy Regulation

The Taxonomy Regulation is a key component of the European Commission's action plan to redirect capital flows towards a more sustainable economy. It is an important step taken forward towards carbon neutrality by 2050, in accordance with EU objectives, because the Taxonomy is a classification system for sustainable economic activities.

In the following section, we, as a non-financial company, present the share of turnover, capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting period 2022, which relate to **the economic activities that are taxonomy-eligible and -aligned**, for the first two environmental targets (climate change mitigation and climate change adaptation) in accordance with Article 8 of the Taxonomy Regulation and Article 10(2) of Article 8 of the Delegated Act.

3 Overview

Article 8 (2) of the Taxonomy Regulation, read in connection with Article 10(2) of Article 8 the Delegated Act

Proportion of taxonomy-eligible and non-eligible activities in total turnover, CAPEX and OPEX - Financial Year 2022

	Total (RON)	Proportion of taxonomy-eligible economic activities (in %)	Proportion of taxonomy non- eligible economic activities (in %)
Turnover	6,369,417,343	100%	0%
capital expenditure (CAPEX)	492,784,628	100%	0%
operating expenditure (OPEX)	1,169,728,845	100%	0%

4 Description of the activities

Under the law, the reporting entity is National Company Nuclearelectrica S.A. (SNN), a national joint-stock company, managed under single-tier system, with its Headquarters in Bucharest. Currently, SNN is the only electric power producer based on nuclear technology from Romania. SNN also produces CANDU-type nuclear fuel bundles that are used to keep its own nuclear reactors in use.

The Branch of Cernavodă NPP (Nuclear Power Plant), with its registered office in Cernavodă, ensures operation of the two functional CANDU Nuclear Units, as well as the management of all SNN assets of Cernavodă (apart from Units 1 and 2 already in operation, Units 3 and 4 are in various stages of construction; for Unit 5, the Company's shareholders approved the change of initial application as early as March 2014, and this would be used to support the activities related to operation of Units 1 and 2, as well as the district heating system). The second SNN site is the NFP Branch (Nuclear Fuel Plant) Pitesti, with the registered office in Mioveni, where CANDU fuel bundles are produced for Units 1 and 2 of Cernavodă.

The **core business** of the Company is “Production of electricity” - CAEN Code 3511.

This activity was identified as eligible for Taxonomy purposes, according to the NACE code D35.11 under activity 4.28. - Production of electricity from nuclear energy in existing installations, as well as under activity 4.25. - Production of heat for heating/cooling using residual heat; this is a secondary activity carried out, also eligible and contributing to the turnover. The secondary activity takes place in same in the same site as the core one (Cernavodă). **These activities are eligible for taxonomy.**

4.1 ECONOMIC ACTIVITIES ELIGIBLE FOR TAXONOMY AND THEIR ASSESSMENT

Section. 1.2.2.1(a) of Appendix I to Article 8 of the Delegated Act

We have examined the relevant taxonomy-eligible economic activities based on our activities and we have assigned them to the following economic activities in accordance with Annexes I and II to the Climate Delegated Act. The table below shows under which environmental objective the activities qualify as eligible.

Our activities identified as eligible and aligned, including the results of their assessment, are listed below.

Taxonomy-eligible economic activities

Eligible economic activity	Description for eligibility	Contribution to Climate change	Contribution to Climate change	Aligned with DNSH and social
----------------------------	-----------------------------	--------------------------------	--------------------------------	------------------------------

		mitigatio n	adaptati on	criteria? *
Production of electricity from nuclear energy in existing installations	<p>The production of electricity from nuclear energy in the existing installations requires changes in the nuclear installations in order to extend the activity authorized by the competent authorities of the Member States until 2040, in accordance with the applicable national legislation, and the safe operation time of the nuclear installations that produce electricity or heat from nuclear energy ("nuclear power plants").</p> <p>The activity in this category is classified under the NACE codes D35.11 and F42.22, in accordance with the statistical classification of economic activities under the Regulation (EC) no. 1893/2006.</p>	NO	YES	YES
Heat production for heating/cooling using residual heat	<p>Construction and operation of installations that produce heat for heating/cooling using residual heat.</p> <p>The economic activities in this category could be associated with the NACE code D35.30, in accordance with the statistical classification of economic activities under the Regulation (EC) no. 1893/2006.</p>	NO	YES	YES

**See below the tables with the DNSH assessment results and meeting of the social criteria*

According to the analysis carried out during the reporting period 1 January 2022 - 31 December 2022, the activity of SN "Nuclearelectrica" S.A. (SNN S.A.) has a significant contribution to climate change adaptation and does not significantly prejudice any of the other 5 environmental objectives set out under Article 17 of the Regulation (EU) 2020/852, namely:

- Climate change mitigation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

The activity makes a substantial contribution to the Climate Change Adaptation objective, but no calculations for the entire lifecycle have not been made and, therefore, a substantial contribution to the Climate Change Mitigation objective cannot be determined.

DNSH internal assessment were carried out in this regard and on minimum social criteria, and the results are summarized below.

DNSH analysis results

Environmental objectives assessed against technical criteria	Result
Substantial contribution	
Climate change adaptation	Yes Meets the criteria
Climate change mitigation	No

Environmental objectives assessed against the DNSH principle	Result
Climate change mitigation	Yes, without damages
Sustainable use and protection of water and marine resources	Yes, without damages
Circular economy, including waste prevention and recycling	Yes, without damages
Prevention and control of air, water or soil pollution	Yes, without damages
Protection and restoration of biodiversity and ecosystems	Yes, without damages

Result of reviewing whether the minimum social criteria are met

National Company Nuclearelectrica S.A. carries out an economic activity aligned with the OECD Guidelines for multinational organizations and **the UN Guiding Principles on business and human rights** (including gender equality and use of child labour, as well as the principles and rights set out under the eight fundamental conventions identified in the International Labour Organization Declaration on Fundamental Principles and Rights at Work and the International Charter of Human Rights).

Summary - Meeting of the minimum social criteria		Result
Commitment to respect for human rights		Yes
Human rights reflected in the operating policies and procedures and incorporated across the organization		Yes
Background check process for human rights violations to identify, prevent and mitigate the impact on human rights in operations and along the supply chain		Yes
Complaint mechanism (including legal rights to bring up actions before courts)		Yes
External communication about how the impact on human rights is approached		Yes
Identification of, and addressing, the adverse impact on human rights through legitimate processes		Yes
Health and Safety Policy		Yes
Policy on work practices (Labour Code + Collective Bargaining Agreement)		Yes
Policies laying down establish for a responsible business conduct:	GDPR - Personal data processing	Yes
	Anti-corruption policy	
	Whistleblowing mechanism/procedure	
	ESG procurement policy/procedure	
	Policy on trade unions (collective bargaining) - employment agreement	

4.2 DECISIONS IN IDENTIFICATION OF THE ELIGIBILITY AND ALIGNMENT OF OUR ACTIVITIES

The main activity is eligible and aligned. Other income-generating activities carried out include sale heat resulting from cooling processes.

For alignment, the following were undertaken: The DNSH assessment for the SNN activity, a review of whether the minimum social criteria are met. The survey assessing the climate risk and vulnerability related to the activity of SNN in 2022 was also carried out for the DNSH analysis.

5 Turnover, CAPEX and OPEX for taxonomy

The key performance indicators ("KPIs") include the turnover KPI, the CAPEX KPI and the OPEX KPI. For the 2022 reporting period, the KPIs must be disclosed for taxonomy-aligned and -eligible activities and taxonomy non-eligible activities (Article 10(2) of Article 8 of the Delegated Act).

Section 1.2.1(a) and (b) of Appendix I to Article 8 of the Delegated Act

KPIs are set in accordance with Appendix I to Article 8 of the Delegated Act. We set the KPIs eligible for taxonomy in accordance with legal requirements and we describe our accounting policy in this regard, as follows:

Turnover KPI

Definition - The proportion of economic activities eligible/aligned for taxonomy in our total turnover was calculated as part of the net turnover derived from products and services associated with the economic activities eligible for the taxonomy (numerator) divided by the net turnover (denominator), in each case for the financial year 1 January 2022 - 31 December 2022.

The turnover KPI denominator is based on the net turnover

The turnover KPI numerator is defined as the net turnover obtained from the products and services associated with *the economic activities eligible for the taxonomy*.

KPI CAPEX

Definition - The CAPEX KPI is defined as taxonomy-eligible/aligned CAPEX (numerator) divided by total CAPEX (denominator).

KPI OPEX

Definition - The OPEX KPI is defined as taxonomy-eligible/aligned OPEX (numerator) divided by total OPEX (denominator).

The total OPEX consists of the non-capitalized direct costs related to research and development, building renovation measures, short-term rental, maintenance and repairs and any other direct expenses related to the daily servicing of the assets, properties, plants and equipment.

5.1 SNN'S KPI INDICATORS

Economic activities (1)	NACE codes? (2)	Absolute turnover (3)	Proportion of turnover (4)	Substantial contribution criteria						DNSH criteria ("To not cause significant harm")						Minimum (social) safeguards (17)	Proportion of turnover aligned to taxonomy, year 2022 (18)	Proportion of turnover aligned to taxonomy, year 2021 (19)	Category (facilitating activity) (20)	Category (transitional activity) (21)
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)					
		RON	%	%	%	%	%	%	%	%	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Percentage	Percentage	E	7
B. TAXONOMY ELIGIBLE ACTIVITIES																				
A.1. Environmentally-sustainable activities (activities aligned to taxonomy)																				
Production of electricity from nuclear energy in existing installations	3511	6,363,688,321	99.9%	0%	99.9%	0%	0%	0%	0%	0%		Yes	Yes	Yes	Yes	Yes	Yes	99.9%	0%	
Heat production for heating/cooling using residual heat	3530	5,729,022	0.1%	0%	0.1%	0%	0%	0%	0%	0%		NA	NA	Yes	Yes	Yes	Yes	0.1%	0%	
Turnover of environmentally-sustainable activities (aligned with taxonomy) (A.1)	3511 3530	6,369,417,343	100%	0%	100%	0%	0%	0%	0%	0%								100%	0%	
A.2 Taxonomy-eligible, but not environmentally-sustainable activities (activities not aligned to the taxonomy)																				
Turnover of activities eligible for taxonomy, but not environmentally-sustainable (activities not aligned to taxonomy) (A.2)			0	0%																
Total (A.1 + A.2)	3511 3530	6,369,417,343	100%																	
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
Taxonomy turnover - non-eligible activities (A)	[number]	0]	0%																	
Total (A + B)	[number]	6,369,417,343	100%																	

				Substantial contribution criteria						DNSH criteria ("To not cause significant harm")										
Economic activities (1)	NACE codes? (2)	Absolute CAPEX (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum (social) safeguards (17)	Proportion of CAPEX aligned to taxonomy, year 2022 (18)	Proportion of CAPEX aligned to taxonomy, year 2021 (19)	Category (facilitating activity) (20)	Category (transitional activity) (21)
		RON	%	%	%	%	%	%	%	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Percentage	Percentage	E	T
B. TAXONOMY ELIGIBLE ACTIVITIES																				
A.1. Environmentally-sustainable activities (activities aligned to taxonomy)																				
Production of electricity from nuclear energy in existing installations	3511	492,784,628	100%	0%	100%	0%	0%	0%	0%		Yes	Yes	Yes	Yes	Yes	Yes	100%	0%		
CAPEX of environmentally-sustainable activities (activities aligned to taxonomy) (A.1)	3511	492,784,628	0%	0%	100%	0%	0%	0%	0%								100%	0%		
A.2 Taxonomy-eligible, but not environmentally-sustainable activities (activities not aligned to the taxonomy)																				
CAPEX of activities eligible for taxonomy, but not environmentally-sustainable (activities not aligned to taxonomy) (A.2)		0	0%																	
Total (A.1 + A.2)	3511	492,784,628	100%																	
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
Taxonomy CAPEX - non-eligible activities (B)	[number]	0	0%																	
Total (A + B)	[number]	492,784,628	100%																	

Substantial contribution criteria										DNSH criteria ("To not cause significant harm")										
Economic activities (1)	NACE codes? (2)	Absolute OPEX (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum (social) safeguards (17)	Proportion of OPEX aligned to taxonomy, year 2022 (18)	Proportion of OPEX aligned to taxonomy, year 2021 (19)	Category (facilitating activity) (20)	Category (transitional activity) (21)
		RON	%	%	%	%	%	%	%	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Percentage	Percentage	E	T
B. TAXONOMY ELIGIBLE ACTIVITIES																				
A.1. Environmentally-sustainable activities (activities aligned to taxonomy)																				
Production of electricity from nuclear energy in existing installations	3511	1,169,728,845	100%	0%	100%	0%	0%	0%	0%		Yes	Yes	Yes	Yes	Yes	Yes	100%	0%		
OPEX of environmentally-sustainable activities (activities aligned to taxonomy) (A.1)	3511	1,169,728,845	100%	0%	100%	0%	0%	0%	0%								100%	0%		
A.2 Taxonomy-eligible, but not environmentally-sustainable activities (activities not aligned to the taxonomy)																				
OPEX of activities eligible for taxonomy, but not environmentally-sustainable (activities not aligned to taxonomy) (A.2)		0	0%																	
Total (A.1 + A.2)	3511	1,169,728,845	100%																	
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
Taxonomy OPEX - non-eligible activities (B)	[number]	0	0%																	
Total (A + B)	[number]	1,169,728,845	100%																	

5.2 INFORMATION ABOUT THE ACTIVITIES OF NUCLEARELECTRICA S.A.

In accordance with the Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities. The information about the activities in the nuclear and gas sectors is presented in a table, **using the templates included in Appendix XII of the Regulation.**

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5.2.1 ACTIVITIES CARRIED OUT

For the reporting entity Nuclearelectrica S.A., the following activities carried out in the financial year 2022 and the KPIs associated with these activities were identified according to the requirements of the Delegated Regulation (EU) 2022/1214 - **Appendix XII**

Template 1 Nuclear and fossil gas-related activities

Row	Nuclear and fossil gas related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.*	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.**	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	YES
Row	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

*SMR and other activities are not carried out or accounted for by Nuclearelectrica S.A., as the reporting entity

** Investment projects for other new production units are not carried out or accounted for by Nuclearelectrica S.A., as the reporting entity

5.2.2 ACTIVITIES CARRIED OUT – Turnover, CAPEX and OPEX

Template 2 Taxonomy-aligned economic activities (denominator)

KPI - total turnover*							
Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and in percentages)					
		CCM + CCA		Climate Change Mitigation – CCM		Climate Change Adaptation – CCA	
		Value (RON)	%	Value (RON)	%	Value (RON)	%
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139, in the denominator of the applicable key performance indicator Turnover related to the sale of electricity	RON 6,363,688,321	99.9%	RON 0 0%		6,363,688,321 99.9%	
7.	Amount and proportion of other taxonomy-aligned economic activities**, not referred to in rows 1-6 above, in the denominator of the applicable key performance indicator Turnover related to the sale of heat	RON 5,729,022	0.1%	RON 0 0%		RON 5,729,022 0.1%	
8.	Total applicable KPI – total turnover of Nuclearelectrica S.A. - for alignment (denominator)*	RON 6,369,417,343	100%	RON 0 0%		6,369,417,343 100%	

*All turnover come from the sale by Nuclearelectrica S.A. of the electricity and heat produced.

Stand-Alone Financial Statements prepared for the financial year ended as at 31 December 2022.

Stand-Alone Statement of Profit and Loss for the financial year ended on 31 December 2022

**4.25. Marketing of heat for heating (steam from cooling).

KPI - CAPEX							
Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and in percentages)					
		CCM + CCA		Climate Change Mitigation – CCM		Climate Change Adaptation – CCA	
		Value (RON)	%	Value (RON)	%	Value (RON)	%
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139, in the denominator of the applicable key performance indicator <i>CAPEX - electricity</i>	492,784,628 100%		RON 0 0%		492,784,628 100%	
7.	Amount and proportion of other taxonomy-aligned economic activities*, not referred to in rows 1-6 above, in the denominator of the applicable key performance indicator –CAPEX –heat	RON 0 0%		RON 0 0%		RON 0 0%	
8.	Total applicable KPI <i>CAPEX of Nuclearelectrica S.A. (denominator)</i>	492,784,628 100%		RON 0 0%		492,784,628 100%	

***No CAPEX was not allocated separately for heat (there are no stand-alone cost centers set-up).**

Source:

Notes to the Stand-Alone Financial Statements for the financial year ended as at 31 December 2022.

Note 5. Tangible non-current assets, Note 6 Assets representing right to use underlying assets within a leasing contract and 7. Note Intangible non-current assets.

The capital expenditure indicator is defined as taxonomy-eligible capital expenditure (numerator) divided by total SNN capital expenditure (denominator). The denominator, i.e. the total capital expenditure, consists of the additions related to intangible non-current assets, tangible non-current assets and assets related to the right of use, and are adjusted to exclude any additions related to the groups intended for disposal under IFRS 5, during the reporting period. For more details about our accounting policies for the relevant assets, see the Stand-Alone Financial Statements of SNN for 2022, Note 3.(c), (d), (e) and (f).

KPI - OPEX							
Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and in percentages)					
		CCM + CCA		Climate Change Mitigation – CCM		Climate Change Adaptation – CCA	
		Value (RON)	%	Value (RON)	%	Value (RON)	%
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139, in the denominator of the applicable key performance indicator <i>OPEX related to expenditure for production of electricity</i>	1,169,728,845 100%		RON 0 0%		1,169,728,845 100%	
7.	Amount and proportion of other taxonomy-aligned economic activities*, not referred to in rows 1-6 above, in the denominator of the applicable key performance indicator – OPEX related to heat generation expenditure	RON 0 0%		RON 0 0%		RON 0 0%	
8.	Total applicable KPI <i>Total OPEX of Nuclearelectrica S.A. - for alignment (denominator)*</i>	1,169,728,845	100%	RON 0 0%		1,169,728,845 100%	

*No OPEX was not allocated separately for heat (there are no stand-alone cost centers set-up).

Source:

Stand-Alone Financial Statements for the financial year ended as at 31 December 2022.

Stand-Alone Statement of Profit and Loss for the financial year ended on 31 December 2022

The indicator related to the operating expenditure indicator is defined as taxonomy-eligible expenditure (numerator) divided by total SNN operating expenditure (denominator). Total operating expenditure according to the EU Taxonomy consist of research and development expenditure, maintenance and repair expenditure, other direct expenditure related to current maintenance of assets and short-term lease expenditure.

The research and development expenditure include research and development costs recognized under IAS 38 "Intangible non-current assets" and included in the line "Other operating expenditure" line of the Stand-Alone Statement of Profit and Loss.

Maintenance and repair expenditure and other direct expenditure related to current maintenance of assets mainly include cost of external services, payroll cost, cost of materials related for regular and unscheduled maintenance and repairs. The related cost elements can be found at rows Payroll Costs, Repairs and Maintenance, Cost of Spare Parts and Other Operating Expenditure in the Stand-Alone Statement of Profit and Loss.

The short-term lease expenditure were determined and included in accordance with IFRS 16 "Leases".

5.2.3 ACTIVITIES CARRIED OUT - TAXONOMY-ALIGNED

The activities carried out by Nuclearelectrica SA are aligned.

Template 3 Taxonomy-aligned economic activities (numerator)

KPI - turnover							
Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and in percentages)					
		CCM + CCA		Climate Change Mitigation – CCM		Climate Change Adaptation – CCA	
		Value (RON)	%	Value (RON)	%	Value (RON)	%
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139, in the numerator of the applicable key performance indicator <i>(electricity)</i>	RON 6,363,688,321 99.9%		RON 0 0%		RON 6,363,688,321 99.9%	
7.	Amount and proportion of other taxonomy-aligned* economic activities, not referred to in rows 1-6 above, in the numerator of the applicable key performance indicator <i>(heat - 4.25)</i>	RON 5,729,022 0.1%		RON 0 0%		RON 5,729,022 0.1%	
8.	Total applicable KPI – total turnover of aligned activities	RON 6,369,417,343	100%	RON 0 0%		RON 6,369,417,343 100%	

KPI - CAPEX							
Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and in percentages)					
		CCM + CCA		Climate Change Mitigation – CCM		Climate Change Adaptation – CCA	
		Value (RON)	%	Value (RON)	%	Value (RON)	%
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139, in the numerator of the applicable key performance indicator <i>CAPEX - electricity</i>	492,784,628 100%		RON 0 0%		492,784,628 100%	
7.	Amount and proportion of other taxonomy-aligned economic activities, not referred to in rows 1-6 above, in the numerator of the applicable key performance indicator <i>CAPEX - heat</i>	RON 0 0%		RON 0 0%		RON 0 0%	
8.	Total applicable KPI – total CAPEX of aligned activities	492,784,628	100%	RON 0 0%		RON 492,784,628 100%	

KPI - OPEX							
Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and in percentages)					
		CCM + CCA		Climate Change Mitigation – CCM		Climate Change Adaptation – CCA	
		Value (RON)	%	Value (RON)	%	Value (RON)	%
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139, in the numerator of the applicable key performance indicator <i>OPEX - electricity</i>	RON 1,169,728,845 100%		RON 0 0%		RON 1,169,728,845 100%	
7.	Amount and proportion of other taxonomy-aligned economic activities, not referred to in rows 1-6 above, in the numerator of the applicable key performance indicator <i>OPEX - heat</i>	RON 0 0%		RON 0 0%		RON 0 0%	
8.	Total applicable KPI – total OPEX of aligned activities	1,169,728,845	100%	RON 0 0%		RON 1,169,728,845 100%	

5.2.4 ECONOMIC ACTIVITIES (CARRIED OUT) ELIGIBLE, BUT NOT ALIGNED

The entire activity of Nuclearelectrica SA is aligned.

Eligible (main) activity: 4.28 Production of electricity from nuclear energy in existing installations

Description: Modification of the existing nuclear installations for the purpose of extending the activity authorized by the competent authorities of the Member States until 2040, in accordance with the applicable national legislation, and the safe operation time of the nuclear installations that produce electricity or heat from nuclear energy ("nuclear power plants").

The main activity is classified under the NACE codes D35.11 and F42.2, in accordance with the statistical classification of economic activities under the Regulation (EC) no. 1893/2006.

Template 4 - Taxonomy-eligible but not taxonomy-aligned economic activities

KPI - turnover							
Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and in percentages)					
		CCM + CCA		Climate Change Mitigation – CCM		Climate Change Adaptation – CCA	
		Value (RON)	%	Value (RON)	%	Value (RON)	%
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable key performance indicator <i>(electricity)</i>	RON 0 0%		RON 0 0%		RON 0 0%	
7.	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable key performance indicator <i>(heat)</i>	RON 0 0%		RON 0 0%		RON 0 0%	
8.	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable key performance indicator	RON 0	0%	RON 0	0%	RON 0	0%

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KPI – CAPEX							
Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and in percentages)					
		CCM + CCA		Climate Change Mitigation – CCM		Climate Change Adaptation – CCA	
		Value (RON)	%	Value (RON)	%	Value (RON)	%
3.	<p>Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable key performance indicator</p> <p><i>CAPEX related to expenditure for production of electricity</i></p>	RON 0 0%		RON 0 0%		RON 0 0%	
7.	<p>Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable key performance indicator</p> <p><i>CAPEX expenditure - heat</i></p>	RON 0 0%		RON 0 0%		RON 0 0%	
8.	<p>Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the numerator of the applicable key performance indicator</p>	RON 0	0%	RON 0	0%	RON 0	0%

KPI - OPEX							
Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and in percentages)					
		CCM + CCA		Climate Change Mitigation – CCM		Climate Change Adaptation – CCA	
		Value (RON)	%	Value (RON)	%	Value (RON)	%
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable key performance indicator <i>OPEX related to expenditure for production of heat</i>	RON 0 0%		RON 0 0%		RON 0 0%	
7.	Amount and proportion of other taxonomy-eligible, but not taxonomy-aligned economic activities, not referred to in rows 1-6 above, in the denominator of the applicable key performance indicator <i>OPEX expenditure - heat</i>	RON 0 0%		RON 0 0%		RON 0 0%	
8.	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the numerator of the applicable key performance indicator	RON 0	0%	RON 0	0%	RON 0	0%

5.2.5 NON-ELIGIBLE OPERATING ACTIVITIES

No non-eligible economic activities were carried out.

Template 5 - Taxonomy non-eligible economic activities

KPI - turnover			
Row	Economic activities	Value	Percentage
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable key performance indicator	RON 0	0%
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable key performance indicator	RON 0	0%
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable key performance indicator	RON 0	0%
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable key performance indicator	RON 0	0%
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable key performance indicator	RON 0	0%
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable key performance indicator	RON 0	0%
7.	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable key performance indicator	RON 0	0%
8.	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable key performance indicator”	RON 0	0%

KPI - CAPEX			
Row	Economic activities	Value	Percentage
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable key performance indicator	RON 0	0%
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable key performance indicator	RON 0	0%
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable key performance indicator	RON 0	0%
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable key performance indicator	RON 0	0%
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable key performance indicator	RON 0	0%
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable key performance indicator	RON 0	0%
7.	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable key performance indicator	RON 0	0%
8.	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable key performance indicator”	RON 0	0%

KPI - OPEX			
Row	Economic activities	Value	Percentage
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable key performance indicator	RON 0	0%
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable key performance indicator	RON 0	0%
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable key performance indicator	RON 0	0%
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable key performance indicator	RON 0	0%
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable key performance indicator	RON 0	0%
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable key performance indicator	RON 0	0%
7.	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable key performance indicator	RON 0	0%
8.	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable key performance indicator”	RON 0	0%

Index GRI

GRI STANDARD	EXPLANATION	CHAPTER IN REPORT
GRI 102 General information 2016		
Organizational profile	<p>GRI 102-1-Name of organization</p> <p>GRI 102-2-Activities, trademarks, products, services</p> <p>GRI 102-3-Location of headquarters</p> <p>GRI 102-4-Localization of operations</p> <p>GRI 102-5-Form of ownership and legal status</p> <p>GRI 102-6-Served markets</p> <p>GRI 102-7 Size of organization</p> <p>GRI 102-8-Information about employees and other workers</p> <p>GRI 102-8.B-Number of employees under employment agreements (permanent or temporary)</p> <p>GRI 102-9 Supply chain</p> <p>GRI 102-10 Significant changes in organization and supply chain</p> <p>GRI 102-11 Precautionary principle</p> <p>GRI 102-13 Affiliation to organizations</p> <p>GRI 102-14-Message from the CEO</p>	<p>The message of the CEO, Cosmin Ghiță - GRI 102-14</p> <p>2021 in figures - GRI 102-7</p> <p>Who are we - GRI 102-1, 102-2, 102-3, 102-4, 102-5c, 102-8</p> <p>Supply chain - GRI 102-9, 102-10</p> <p>Markets the Company operates on - GRI 102-6</p> <p>Development and investments - GRI 102-2, EU-10</p> <p>Risks management - GRI 102-11, 102-15, 102-30</p> <p>Affiliations - GRI 102-13</p>
Strategy - Role of SNN in the industry	GRI 102-15 - Key Impacts, Risks and Opportunities	Climate change - Role of SNN in the industry - GRI 102-16, EU-10
Ethics and integrity	<p>GRI 102-16 - Values, principles, standards and rules of behaviour</p> <p>GRI 102-17 - Mechanisms for counselling and ethical concerns</p>	<p>Mission, vision, values - GRI 102-16</p> <p>What we hold important - GRI 102-16</p> <p>Ethics, integrity and conflict of interests - GRI 103-1, 103-2, 102-16, 102-17, 102-25</p> <p>Anti-corruption policy - GRI 103-1,103-2, 205-2</p>

GRI STANDARD	EXPLANATION	CHAPTER IN REPORT
Corporate governance	<p>GRI 102-18 Management structure</p> <p>GRI 102-18.A - Governance structure of organization, including committees</p> <p>GRI 102-12.B - Committees responsible for the economic, environmental and social decision-making process</p> <p>GRI 102-19 - Delegation of powers</p> <p>GRI 102-21 - Stakeholder consultation on environmental matters</p> <p>GRI 102-22 - Membership of the ultimate governance body and its committees</p> <p>GRI 102-23 - Chairman of the ultimate governance body</p> <p>GRI 102-23.A - Whether the Chairman of the ultimate governance body is also an executive</p> <p>GRI 102-24 - Appointment and selection of the ultimate governance body</p> <p>GRI 102-25 - Conflict of interests</p> <p>GRI 102-26 - Role of the ultimate governance body in defining the purpose, values and strategy</p> <p>GRI 102-29 - Identification and management of the economic, environmental and social impact</p> <p>GRI 102-30 - Efficiency of the risk management processes</p> <p>GRI 102-32 - Role of the ultimate governance body in sustainability reporting</p> <p>GRI 102-35 - Remuneration policy</p> <p>GRI 102-35.A - Remuneration policy for the ultimate governance body and the executive management</p> <p>GRI 102-36 - Remuneration setting process</p>	<p>Strategic objectives - GRI 102-26</p> <p>Corporate governance - GRI 102-18, 102-22, 102-23, 102-24, 102-25</p> <p>Remuneration of the members of the Board of Directors - GRI 102-35, 102-36</p> <p>Risks management - GRI 102-11, 102-15, 102-30</p>

GRI STANDARD	EXPLANATION	CHAPTER IN REPORT
Stakeholder engagement	GRI 102-40 - Stakeholder list GRI 201-41 - Collective Bargaining Agreement GRI 102-44 - Key points and concerns raised GRI-42 - Identification and selection of stakeholders GRI 102-43 Approach to stakeholder engagement	Community and stakeholder relations - GRI 102-40, 102-42, 102-43 CSR - GRI 102-43, 413
Reporting practices	GRI 102-46 - Definition of the report's content and limits to the topics GRI 102-47 - List of material subjects GRI 102-50 - Reporting period GRI 102-51 - Date of the latest report GRI 102-52 Reporting cycle GRI 102-53 - Point of contact for questions about the report GRI 102-54 - Declaration on reporting according to the GRI standards GRI 102-55 - GRI Content Index	Data about the report - GRI 102-46, 102-50, 102-51, 102-52, 102-53, 102-55
GRI 201 - Business Performance 2016	GRI 201-1 - Direct and distributed economic value GRI 201-4 - Financial assistance received from the government	Financial developments - GRI 201, 201-1, 201-
GRI 204 Impact of procurement 2016		Procurement in SNN - GRI 204
GRI 205 Anti-corruption 2016	GRI 103-1 Explaining the importance of this aspect and its limits GRI 103-2-Management approach and its components GRI 205-2 - Communication and training on anti-corruption policies and procedures	Anti-corruption policy - GRI 103-1,103-2, 205-2
GRI 302 Energy 2016	GRI 302-1 - Use of energy in the organization GRI 302-2 - Use of energy outside the organization GRI 302-4 - Reduction of energy use	Operational result - CERNAVODA NPP - GRI 302-1, 302-2, EU-30 Reduction of the energy use - GRI 302-4

GRI STANDARD	EXPLANATION	CHAPTER IN REPORT
GRI 303 Water 2016	<p>GRI 103-1 Explaining the importance of this aspect and its limits</p> <p>GRI 103-2-Management approach and its components</p> <p>GRI 303-1 - Water drawing</p> <p>GRI 303-3 - Recycled and reused water</p> <p>G4-EN8 - Use of water for cooling</p>	<p>Care for environment</p> <p>Cernavoda NPP - GRI 103-1, 103-2, 305-1, 305-2, 305-3, 305-4, 305-5, 305-7, 303-3, G4-EN8, 306-1, 306-2, 306-4, G4-EN23, 304-2, 413-1</p> <p>Care for environment - NFP Pitesti -GRI 103-1, 102-2, 303-3, 304-2, 305-1, 305-2, 305-3, 305-4, 305-5, 305-7, 306-1, 306-2, 306-4, G4-EN23, 307, 413-1</p>
GRI 304 Biodiversity 2016	<p>GRI 103-1 Explaining the importance of this aspect and its limits</p> <p>GRI 103-2-Management approach and its components</p> <p>GRI 304-2 - Significant impact of products, services and activities on biodiversity</p>	<p>Care for environment</p> <p>Cernavoda NPP - GRI 103-1, 103-2, 305-1, 305-2, 305-3, 305-4, 305-5, 305-7, 303-3, G4-EN8, 306-1, 306-2, 306-4, G4-EN23, 304-2, 413-1</p> <p>Care for environment - NFP Pitesti -GRI 103-1, 102-2, 303-3, 304-2, 305-1, 305-2, 305-3, 305-4, 305-5, 305-7, 306-1, 306-2, 306-4, G4-EN23, 307, 413-1</p>
GRI 305 Emissions 2016	<p>103-1 Explaining the importance of this aspect and its limits</p> <p>GRI 103-2-Management approach and its components</p> <p>GRI 305-1 Direct GHG emissions</p> <p>GRI 305-2 Indirect GHG emissions</p> <p>GRI 305-4 - Emission Intensity</p> <p>GRI 305-5 - Emission reduction</p> <p>GRI 305-7-NOx, Sox and other emissions</p>	<p>Care for environment</p> <p>Cernavoda NPP - GRI 103-1, 103-2, 305-1, 305-2, 305-3, 305-4, 305-7, 303-3, G4-EN8, 306-1, 306-2, 306-4, G4-EN23, 304-2, 413-1</p> <p>Care for environment - NFP Pitesti -GRI 103-1, 102-2, 303-3, 304-2, 305-1, 305-2, 305-3, 305-4, 305-5, 305-7, 306-1, 306-2, 306-4, G4-EN23, 307, 413-1</p>
GRI 306 Effluents and waste 2016	<p>GRI 103-1 Explaining the importance of this aspect and its limits</p> <p>GRI 103-2-Management approach and its components</p> <p>GRI 306-1 - Water discharge - quality and application</p> <p>GRI 306-2 - Waste by types and management methods</p>	<p>Care for environment</p> <p>Cernavoda NPP - GRI 103-1, 103-2, 305-1, 305-2, 305-3, 305-4, 305-5, 305-7, 303-3, G4-EN8, 306-1, 306-2, 306-4, G4-EN23, 304-2, 413-1</p>

GRI STANDARD	EXPLANATION	CHAPTER IN REPORT
	GRI 306-4 - Waste transport G4-EN23 - nuclear waste	Care for environment - NFP Pitesti -GRI 103-1, 102-2, 303-3, 304-2, 305-1, 305-2, 305-3, 305-4, 305-5, 305-7, 306-1, 306-2, 306-4, G4-EN23, 307, 413-1
GRI 307 Environmental compliance	GRI 103-1 Explaining the importance of this aspect and its limits GRI 103-2-Management approach and its components GRI 307-1 - Non-compliance with the environmental legislation and regulations	Operating permits and licenses - GRI 307; Care for environment in Cernavoda NPP; Care for environment - NFP Pitesti - GRI 307-1
GRI 401 Employment 2016	GRI 103-1 Explaining the importance of this aspect and its limits GRI 103-2-Management approach and its components GRI 401-1 New hires and staff turnover G4-DMA - Programs and processes to ensure workforce availability	Care for people - GRI 103-1, 103-2, 401-1, G4-DMA, 403-1, 403-2, 403-3, 403-5, 403-6, 404-1, 404-2, 405-1, 406-1, 407, 412
GRI 403 - Occupational health and safety	GRI 103-1 Explaining the importance of this aspect and its limits GRI 103-2-Management approach and its components GRI 401-1 - Turnover rate GRI 403-1 - Occupational health and safety management policy GRI 403-2 - Hazard identification, risk assessment and accident investigation GRI 403-3 - Occupational health services GRI 403-5 - Employee training on Occupational Health and Safety GRI 403-6 - Promoting the health of employees	Care for people - GRI 103-1, 103-2, 401-1, G4-DMA, 403-1, 403-1, 403-2, 403-3, 403-5, 403-6, 404-1, 404-2, 405-1, 406-1, 407, 412
GRI 404 Training and education 2016	GRI 103-1 Explaining the importance of this aspect and its limits GRI 103-2-Management approach and its components	Care for people - GRI 103-1, 103-2, 401-1, G4-DMA, 403-1, 403-2, 403-3, 403-5, 403-6, 404-1, 404-2, 405-1, 406-1, 407, 412

GRI STANDARD	EXPLANATION	CHAPTER IN REPORT
	<p>GRI 404-1 - Average number of training hours</p> <p>GRI 404-2 - Programmes to improve employee skills and transition assistance programmes</p>	
<p>GRI 405 Diversity and equal opportunities 2016</p>	<p>GRI 103-1 Explaining the importance of this aspect and its limits</p> <p>GRI 103-2-Management approach and its components</p> <p>GRI 405-1 - Diversity in management and employee structures</p>	<p>Care for people - GRI 103-1, 103-2, 401-1, G4-DMA, 403-1, 403-2, 403-3, 403-5, 403-6, 404-1, 404-2, 405-1, 406-1, 407, 412</p>
<p>GRI 406 Non-discrimination 2016</p>	<p>GRI 103-1 Explaining the importance of this aspect and its limits</p> <p>GRI 103-2-Management approach and its components</p> <p>GRI 406-1 - Incidents of discrimination and corrective actions taken</p>	<p>Care for people - GRI 103-1, 103-2, 401-1, G4-DMA, 403-1, 403-2, 403-3, 403-5, 403-6, 404-1, 404-2, 405-1, 406-1, 407, 412</p>
<p>GRI 407 Freedom of association and collective bargaining 2016</p>	<p>GRI 103-1 Explaining the importance of this aspect and its limits</p> <p>GRI 103-2-Management approach and its components</p>	<p>Care for people - GRI 103-1, 103-2, 401-1, G4-DMA, 403-1, 403-2, 403-3, 403-5, 403-6, 404-1, 404-2, 405-1, 406-1, 407, 412</p>
<p>GRI 412 Assessment of human rights</p>	<p>GRI 103-1 Explaining the importance of this aspect and its limits</p> <p>GRI 103-2-Management approach and its components</p>	<p>Care for people - GRI 103-1, 103-2, 401-1, G4-DMA, 403-1, 403-2, 403-3, 403-5, 403-6, 404-1, 404-2, 405-1, 406-1, 407, 412</p>
<p>GRI 413 Local communities 2016</p>	<p>GRI 413-1 - Operations involving community, impact assessment and development programmes</p>	<p>Care for environment</p> <p>Cernavoda NPP - GRI 103-1, 103-2, 305-1, 305-2, 305-3, 305-4, 305-5, 305-7, 303-3, G4-EN8, 306-1, 306-2, 306-4, G4-EN23, 304-2, 413-1</p> <p>Care for environment - NFP Pitesti -GRI 103-1, 102-2, 303-3, 304-2, 305-1, 305-2, 305-3, 305-4, 305-5, 305-7, 306-1, 306-2, 306-4, G4-EN23, 307, 413-1</p>

GRI STANDARD	EXPLANATION	CHAPTER IN REPORT
Sectoral information	G4-DMA - Decommissioning of nuclear power plants EU-28 - Frequency of shutdowns EU-29 - Average duration of shutdowns EU-30 - Average capacity factor EU 10 - Planned capacity depending on the estimated electricity demand G4-DMA - Emergency response	CSR-GRI 102-43, 413 Development and investments - GRI 102-2, EU-10 Operational result - CERNAVODA NPP - GRI 302-1, 302-2, EU-30 Emergency planning and preparation - G4-DMA Planned and unplanned shutdowns - EU-28, EU-29