



ENDORSED BY

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

NOTE

on the approval by the Extraordinary General Meeting of Shareholders, of the investment decision regarding the conclusion of the framework agreement having as object “Project management, technical assistance, staff consultancy and training services, necessary for the preparation and implementation of the Refurbishment Project of Unit 1 from Cernavodă NPP”, between SNN, as Purchaser and Canadian Nuclear Partners S.A., as Provider

I. Presentation of the background

As of the date hereof, the Refurbishment Project Unit 1 from Cernavodă NPP is in Phase 2, which started immediately after the approval of the Investment Decision (Decision of the EGMS no. 4/23.02.2022, point 2) and shall be concluded in December 2026 when the Unit shall be closed for Refurbishment purpose. We present a summary of the project stage in Appendix 1.

One of the important contracts which should be concluded in Phase 2, is that according to which a foreign company with recent expertise in refurbishments of CANDU power plants shall make available to SNN a specialists’ team which could ensure the coordination of the activities and technical assistance both in Phase 2 (current phase), and in Phase 3, until the Unit is put into commercial operation.

The details related to the need and opportunity of the purchase were presented in Note no. 6094/19.05.2023. Based on this, Decision no. 116/25.05.2023 was issued by which the Board of Directors of SNN approved the following:

- (i) The initiation of the purchase procedure having as object “*Project management, technical assistance , staff consultancy and training services, needed for the preparation and implementation of the Refurbishment Project of Unit 1 from Cernavodă NPP*”, with a maximum estimated amount of **EUR 279,864,914 without VAT**, under the **Competitive Negotiation** procedure and in accordance with the Contracting Strategy described under point IV of Note no. 6094/19.05.2023;
- (ii) The authorization of the executive management of SNN to develop the purchase procedure, until the award of the contract, including to approve the amendment of the requirements from the purchase documentation in case the procedure is selected by ANAP, and ANAP shall issue a Conditional Assent in any stage of the procedure;
- (iii) The empowerment of the executive management of SNN to approve to make available additional funds for the implementation of the contract, in the event that the final price offered by the tenderer ranked first exceeds the estimated amount of the purchase up to 10%, according to law and to the subsequent information of the Board of Directors;

- (iv) Empowerment of the executive management of SNN to sign the framework services agreement with the tenderer declared the winner.

II. Subject-Matter of the Agreement

Project management, technical assistance, staff consultancy and training services, necessary for the preparation and implementation of the Refurbishment Project of Unit 1 from Cernavodă NPP (“Project”) shall be purchased, which shall be provided under a **Framework Agreement with a term of 7 years**, which shall cover both Phase 2, and Phase 3 of the Project, until the Commercial Operation Date (COD).

Within the requested services, the Provider shall make available external management, coordination and execution staff, composed of a Project Manager and a team of experts who, based on the support of the staff made available by the Purchaser, shall ensure the fulfilment of the following roles:

- A. The management of Refurbishment of Unit 1 Project, for the implementation of Phase 2 of the Project;
- B. The management of Refurbishment of Unit 1 Project, for the implementation of Phase 3 of the project;
- C. Technical assistance and consultancy for the purpose of signing the execution contracts related to the Project;
- D. The review, acceptance and approval of the design documentation obtained from the contracts concluded with third parties, the management of the design configuration and the update of the project documentation, by fulfilling the role by the Design Authority (as it was delegated by the Contracting Entity) for the project (including the approval of the site arrangements or of the solutions included in the non-conformity reports proposed by the general contractor in EPC contracts), in accordance with CNCAN rules and/or requirements;
- E. The quantitative and qualitative monitoring of the construction and assembly works performed by third parties, in order to acknowledge the compliance with the technical and quality requirements from the execution contracts, both in Phase 2, and in Phase 3 of the Project, including the confirmation of payment of invoices;
- F. The organization and management of the transfer (turn-over T/O) of systems, structures and components (SSC) from the Contracting Entity (NPP Operation Division) to EPC contractor and inversely, in accordance with the procedures agreed by CNCAN (T/O (turn-over Procedures) shall be conducted in Phase 3 of the project);
- G. The organization and coordination of the commissioning in order to put into operation the power plant following the refurbishment (the development of the plan and of the commissioning procedures, the coordination of the implementation of the commissioning plan approved by CNCAN, the coordination of the update of the operation documentation, so that at the end of the commissioning the power plant could be handed over to Cernavodă NPP to be put again into commercial operation);
- H. The development and implementation of certain individual development programs for the management staff within the organizational structure of the Project Management made available by Cernavodă NPP, based on recording and reporting of results.
- I. The development of the procedural and governance support needed for the fulfilment of the roles described in points A - H, in accordance with the best working practices proven in the CANDU nuclear industry and harmonized with the complex project integrated management applicable in the nuclear field.

For the purpose of services provision, the Provider shall make available the following categories of staff:

- I. U1 Refurbishment Project Manager;
- II. Managers: Manager of Project Management, Planning Control and Budget of U1 Refurbishment and Manager of U1 Refurbishment Engineering);
- III. Managers (equivalent of Chief Engineer);
- IV. Specialists in specific fields;
- V. Superintendent/Specialist (equivalent of the Head of Department);
- VI. Project assistance staff (project coordinator, project manager etc.).

Experts shall be contracted based on the subsequent contracts concluded subsequently to the framework agreement, depending on the Project requirements.

A minimum number of **24 experts** is estimated for each Phase, including all staff above-mentioned categories I – VI, distributed as follows:

- 1 Project Manager
- 2 Managers
- 5 Managers;
- 16 Experts (covering the staff categories IV, V and VI).

The **maximum** number of experts estimated for each phase shall be **50**, being distributed as follows:

- During Phase II:
 - 1 Project Manager - 36 months;
 - 2 Managers – 36 months;
 - 7 managers: 5 managers for 36 months and 2 managers for 24 months;
 - 40 experts: 16 experts for 36 months and 24 experts for 24 months.
- During Phase III:
 - 1 Project Manager - 29 months;
 - 3 Managers – 29 months;
 - 10 managers: 7 managers for 29 months and 3 managers for 24 months;
 - 36 experts: 26 experts for 29 months and 10 experts for 24 months

III. The estimated amount of the purchase/contract was EUR 279,864,914 (without VAT).

IV. The tender procedure applied for the award of the framework agreement was “Competitive Negotiation” pursuant to the provisions of art. 12(1)(b), in conjunction with art. 82(1)(c) and para. (2) of Law no. 99/2016 on sectoral procurement.

V. Presentation of the way in which the award procedure is conducted

The relevant legal provisions applicable to the Competitive Negotiation procedure are as follows:

Art. 95 of Law no. 99/2016:

(1) The competitive negotiation procedure shall regularly be conducted in two stages:

a) the stage of submission of the participation requests and of the candidates' selection by applying the qualification and selection criteria;

b) the stage of submission of the initial offers by the candidates selected within the first stage and of their conformity assessment with the minimum requirements established by the contracting entity

according to art. 96 para. (2) and the negotiations in order to improve the initial offers, the submission of the final offers and their assessment, by applying the award criterion and the assessment factors.

[...]

(6) Following the completion of the stage laid down in para. (1) letter a), the contracting entity simultaneously sends an invitation to tender for the second stage to all selected candidates.

Art. 96

(1) Within the content of the award documentation, the contracting entity defines the object of the sectoral procurement by describing the requirements of the contracting entity and of the technical specifications requested for the products, works or services to be purchased and establishes the award criterion and the assessment factors.

(2) Within the description of the elements laid down in para. (1), the contracting entity establishes which are the minimum requirements which offers should meet.

Art. 98

(1) without prejudice to the provisions of art. 95 para. (10), the contracting entity negotiates with the tenderers the initial offers and all subsequent offers submitted by them, except the final offers, for the purpose of improving their content.

(2) The minimum requirements established by the contracting entity according to art. 96 para. (2), the award criterion and the assessment factors cannot be the object of negotiations.

(3) During negotiations, the contracting entity is required to ensure the compliance with the equal treatment principle and not to provide any information in a discriminatory manner, which could create to one/certain tenderer(s) an advantage compared to the other tenderers.

[...]

(12) The contracting entity checks whether the final offers laid down in para. (11) comply with the minimum requirements established by the contracting entity according to art. 96 para. (2) and the other requirements laid down in the award documentation, assesses the final offers and awards the contract based on the award criterion and on the assessment factors.

Presentation of the stages of the procedure:

- The initiation of the procurement was approved by the Board of Directors of SNN by **Decision no. 116 dated 25 May 2023**.
- The contracting strategy and the award documentation were approved on **7 June 2023** and were uploaded in SEAP on **8 June 2023**.
On **21 June 2023** ANAP issued the Conditional Assent no. 9511/ 21.06.2023/ DGCECMSS, with 2 findings which were subsequently settled by review of the Descriptive Documentation and Contracting Strategy.
- Following the above-mentioned amendments, the reviewed Contracting strategy and the award documentation were approved and uploaded in SEAP on **14 July 2023**. The contract notice no. CN1057421 was published in SEAP on **16 July 2023**. The deadline for the submission of applications (requests for participation) was 21 August 2023, being subsequently extended (upon request of 2 potential tenderers) on **11 September 2023**.
- On **13 July 2023**, the assessment committee was appointed, being responsible for the conduct of the procedure (Decision no. 283/13.07.2023), amended by Decisions no. 400/02.10.2023, no. 431/18.10.2023 and no. 455/07.11.2023;
- Up to the deadline a single application was submitted (request for participation) by the economic operator **Canadian Nuclear Partners S.A. (CNPSA) having as subcontractor Kinectrics Nuclear Romania SRL and as supporting third party Ontario Power Generation Inc.**
- During the period 12 September 2023 – 4 October 2023 the SNN committee assessed the application submitted, requested a series of clarifications from the economic operator and, based

on the answers received, concluded that Canadian Nuclear Partners S.A. met the qualification criteria being selected for the 2nd stage of the procedure. In this respect, on **4 October 2023** the assessment committee issued and signed the Interim Report of the stage relating to the candidates' selection, this being subsequently filed with ANAP. On **9 October 2023**, the ANAP control team issued the Unconditional Assent no. 9511/16030/DGCECMSS/CN1057421/09.10.2023.

- The Interim Report was approved by the General Director of SNN on **12 October 2023** and on the same date, the communication related to the selection during the 2nd stage was sent to CNPSA, as well as the invitation to submit the initial technical and financial offer on **6 November 2023**. On **6 November 2023**, the initial technical and financial offer was submitted, having a total Price of **EUR 279,832,747** (the equivalent of **CAD 412,277,586**),
- During the period **7 November 2023 – 8 December 2023** the SNN committee assessed the initial technical and financial offer by reference to the minimum requirements of the award documentation, it requested the tenderer a series of clarifications, it examined the answers received and decided that the initial offer met the minimum requirements and, therefore, it was compliant;
- During the period **18 December 2023 – 31 January 2024** discussions and negotiations were conducted between the representatives of SNN and CNPSA, regarding the issues which had expressly been mentioned in the Descriptive Documentation and Technical Specification subject to the negotiation stage, the final purpose being the improvement of the initial offer (according to the provisions of art. 95(1)(b) of Law no. 99/2016).

According to the provisions of the SNN internal procedure, all contractual amendments relating to the draft framework agreement published in SEAP (as part of the award documentation) are subject to the approval of the General Director of SNN, before the award procedure. To this end, the president of the assessment committee drafted Note no. 3988/27.03.2024 which described in detail the amended/newly inserted clauses and the Note was approved by the General Director on 27 March 2024.

As at **31 January 2024**, CNPSA submitted the final technical and financial offer with a maximum (reduced) price of CAD 358,919,984.22 (the equivalent of EUR 243,616,360.70). SNN Committee assessed this offer and concluded that it met the minimum requirements of the Descriptive Documentation, as well as the issues established within the negotiation sessions, and therefore, it was compliant and admissible. To this end, Reports no. 2132/20.02.2024 (final technical assessment) respectively no. 2133/20.02.2024 (final financial assessment) were issued. For these stages ANAP issued the Unconditional Assents no. 9511/2805/ DGCECMSS/ CN1057421/ 27.02.2024 and, respectively, no. 9511/2806/DGCECMSS/CN1057421/27.02.2024.

- As at 27 March 2024 the assessment committee drafted and signed the Report of the award procedure by which it declared the CNPSA offer as admissible and winning. ANAP issued the Unconditional Assent no. 9511/4770/DGCECMSS/CN1057421/29.03.2024.
- As at 3 April 2024 the General Director of SNN approved the award procedure report and on 4 April 2024, ANAP issued the final Opinion no. 9511/5118/DGCECMSS/CN1057421/04.04.2024, and as thus, the legal conditions were fulfilled for the execution of the framework agreement.

VI. The presentation of the main terms of the framework agreement

- ❖ Duration: 84 months (7 years).
- ❖ Maximum value: **CAD 358,919,984.22** (EUR equivalent 243,616,360.70);
- ❖ Entry into force of the framework agreement: following the approval by the SNN EGMS;
- ❖ Main obligations of the Provider:

- to render the services in accordance with the industry best practices;
 - to make available to SNN the experts requested during the established periods and in accordance with the requirements established in the framework agreement and subsequent contracts;
 - to comply with the governance rules applicable to the Project, established in the framework agreement, among which we remind:
 - ✓ The Project Manager on the Provider's part shall report to the Manager of U1 Refurbishment within Cernavodă NPP;
 - ✓ The Provider shall represent SNN before third parties in relation to the Project (including authorities or other contractors involved in the Project) within the limits of the authorization granted by SNN;
 - ✓ The Provider shall be able to make decisions in relation to the Project until maximum EUR 100,000/article and shall inform SNN. Any decisions above this amount shall be approved by SNN beforehand;
 - ✓ Any decisions regarding the staff/organizational chart of the Project shall be mutually made by the Project Manager on the Provider's part and the Manager of U1 Refurbishment within Cernavodă NPP on SNN part.
 - ✓ The Provider shall report to SNN the progress of the Project on a monthly basis and any event likely to have an impact on the Project Schedule.
 - to replace the experts who became unavailable within maximum 45 days from the receipt of the agreement from the Purchaser for the replacing expert;
 - to comply with the internal rules and procedures of Cernavodă NPP related to the Occupational Health and Safety (OHS) and Fire Safety (FS), to the Environmental Protection, access to technological premises, to radiological zone etc.;
- ❖ Main obligations of SNN:
- to accept the services rendered on a monthly basis;
 - to make payments within 30 days from receipt of the invoice from the Provider. The invoice shall be issued on a monthly basis, based on the Services Acceptance Protocol signed, without comments, by the Purchaser's representative;
 - to make available to the Provider information and facilities needed for the performance of the contract, indicated in the purchase documentation, including the support of the staff within the Refurbishment Directorate as part of the Project Management Organization-PMO);
 - not to conclude with any other economic operator, during the term of the framework agreement, an agreement having as object the purchase of the services subject to the framework agreement, unless the maximum estimated quantities were consumed or a possible excess thereof represents a significant change in the conditions of art. 240 para. (3) of Law no. 99/2016.
- ❖ Penalties: For both parties these penalties shall be limited to 15% of the amount of the relevant subsequent contract;
- ❖ Adjustment of hourly Rates: Starting with the 13th month of the performance of the framework agreement, the hourly rates can be adjusted once every 12 months by applying Consumer Price Index - employment and average weekly earnings (including overtime) for all employees in the province and in the territory, monthly, seasonally adjusted, as presented in table 14-10-0223-01, published by 'Statistics Canada';
- ❖ Performance bond: For each subsequent contract, the Provider shall set up a performance bond amounting to 10% of the value of the subsequent contract;
- ❖ Intellectual Property: SNN shall receive from the Provider the right of exclusive use, not restricted from the territorial point of view, unlimited in time and free of charge of the reports and documentation prepared according to the contract. The Provider shall keep the ownership and the rights over Background Intellectual Property;
- ❖ Language of the Agreement: Romanian;

- ❖ Applicable law: Romanian law;
- ❖ Settlement of disputes: by arbitration, in accordance with the Arbitration Rules of the International Chamber of Commerce of Paris (ICC).
- ❖ Liability limit: for any Party it cannot exceed 25 million CAD, except the criminal, fraudulent acts, serious negligence acts or wilful misconduct. Exclusions: indirect, consequential damages, loss of income, business, reputation opportunities etc.

VII. Specifications relating to the General Estimate of the Project:

By Decision of EGMS no. 4/23.02.2022, point 2, it was approved the Investment Decision regarding the U1 Refurbishment Project within Cernavodă NPP, according to the Feasibility Study with the implementation of Scenario 2 Enhanced Safety as the optimal option for the refurbishment of Cernavodă NPP Unit 1, with a total estimated cost of **1.85 billion Euro**, without taking into account the financing costs and the inflation rate update at the date when the Agreement for the refurbishment of Cernavodă NPP Unit 1 will be signed.

In the context of enforcement of the Decision of EGMS and of implementation of the Project, SNN has concluded so far, several services and products agreements, among which *the most relevant are the following 3 pre-project contracts*:

- PPC1 - Engineering services for the preparation of the documentation for purchase of the reactor components and assessment of the condition of the set of specialized tools that will be used to replace the components - RUEC Agreement No. 1108/08.07.2022 amounting to **CAD 64,280,000**;
- PPC2 - Engineering services for preparing: (i) technical specifications and the design documentation for the refurbishment activities that require acquisition of equipment/components with a long manufacturing time, and for complex activities with a long design time; and (ii) the technical documentation required to commence the process for obtaining the building permit for the infrastructure needed to retube the reactor of Unit 1 – RUEC Contract No. 277/02.03.2023 amounting to CAD 43,210,455.85 + EUR 16,841,601.08;
- PPC3 - Supply of reactor components and retubing tools required for the refurbishment of the Cernavodă NPP Unit 1 reactor – RUEC Contract no. 1607/27.11.2023 amounting to CAD 743,229,904 + EUR 21,373,000 + USD 6,506,500, representing a total amount equivalent to: **CAD 781,843,204 - for the tools rental option, respectively (ii) CAD 741,843,204 – for the tools purchase option.**

The total value of these 3 pre-project agreements amounts to maximum **CAD 911,593,204** (approximately EUR 620 million – at EUR/CAD foreign exchange rate used in the tables presented under chapter V).

As regards the PMO contract, in order to be able to compare the total negotiated value of the Agreement with the corresponding value estimated in the Feasibility Study, we mention as follows:

1. An amount of EUR 162,000,000 was estimated in the Feasibility Study for the contract Management, and the respective amount was calculated as being a percentage of 9% of the nominal Capex of EUR 1.8 billion.
2. The percentage of 9% resulted by reference to the historical costs related to the refurbishment projects of CANDU Point Lepreau and Darlington Unit 2.
3. By comparison with the costs considered upon preparation of the Feasibility Study (SF), **the object of PMO contract includes additional requirements.**

By concluding the framework agreement having as object the *Management, technical assistance, consultancy and staff training services was also commenced for preparation and deployment of the Cernavodă NPP Unit 1 Refurbishment Project*, the amount of the contracts related to the Project, prior to

negotiation and execution of EPC retubing and refurbishment contract, shall amount to approximately **EUR 864 million**.

We indicate that an analysis is conducted in relation to the contracted amounts for the purpose of carrying out the activities laid down in the project schedule, as compared to the amounts estimated in the Feasibility Study, as well as regarding the changes made in the purpose of the project.

Depending on the results of this analysis and the project evolution, we shall bring again proposals related to adequate measures to be undertaken, in order to ensure the update of the technical and economic indicators of the project, as well as the update of the corporate approvals, as the case may be.

The Agreement shall be made available to the shareholders following the signing of a Confidentiality Agreement, based on the verification of the shareholder status on the reference date, 12 April 2024, after receipt of the Shareholders Register from the Central Depository, as provided for in the Confidentiality Agreement template published on the SNN website, Investor Relations page, GSM Information, GSM dated 25 April 2024. Appendix no. 1 – (Summary of quantities and hourly rates) and Appendix no 3 – (Final Technical Proposal dated 31 January 2024 and Final Financial Proposal dated 31 January 2024, registered with SNN under no. 1186 dated 1 February 2024) to the Agreement are confidential, as they represent a trade secret. According to the provisions of the framework agreement Appendix 8 (The Confidentiality Agreement), Appendix 12 (Agreement regarding the occupational health and safety and PSI) and Appendix no. 13 (Agreement on the environmental protection) represent documents to be subsequently signed between NPP and the Provider.

Specifically, the data in the Appendices mentioned in the above paragraph represent detailed information of a commercial nature, the disclosure of which could lead to the repositioning of competitors and stakeholders in relation to the activities planned by SNN in the planned process of development of the Project or in relation to the activity of the Consortium. Also, publication of or access to such information could lead to the adoption of unfair practices that could harm the legitimate interests of SNN and/or the Provider.

VIII. Proposals submitted to the approval of the Extraordinary General Meeting of Shareholders:

The investment decision regarding the conclusion of the framework agreement having as object **“Project management, technical assistance, staff consultancy and training services, necessary for the preparation and implementation of the Refurbishment Project of Unit 1 from Cernavodă NPP”**, with the maximum amount of CAD 358,919,984.22 (the equivalent of **EUR 243,616,360.70**), without VAT, between SNN, as Purchaser and Canadian Nuclear Partners S.A. (CNPSA), as Provider; The General Director of SNN shall be empowered to approve amendments of the Framework Agreement during its implementation, as long as they do not represent significant amendments in accordance with the provisions of Law no. 99/2016 and have a value less than or equal to EUR 5 million. Unsignificant amendments with amounts more than EUR 5 million shall be approved by the Board of Directors and in the event that amendments cumulatively exceed EUR 50 million the Board of Directors shall inform EGMS. The General Director of SNN shall be empowered to sign the Amendment Deeds of the Framework Agreement under the above-mentioned conditions.

IX. Appendices: Framework Agreement having as object “Management, technical assistance, consultancy and staff training services was also commenced for preparation and deployment of the Cernavodă NPP Unit 1 Refurbishment Project

Endorsed by,

**CEO
Cosmin Ghita**

**CFO
Dan Niculaie-Faranga**

**Legal Director
Vlad Chiripus**

**Procurement Director
Razvan Sandu**

**Investment Director
Roxana Tompea**

**Unit 1 Refurbishment Project Manager
Giancarlo Aquillanti**