



NUCLEARELECTRICA

SNN POLICY FOR TRANSACTIONS WITH AFFILIATED PARTIES

Purpose

As S. N. Nuclearelectrica Sa (“SNN”) whose securities are admitted for trading on a regulated market, namely on the Bucharest Stock Exchange and according to the provisions of the Corporate Governance Code of BSE, SNN adopts the hereby policy regarding transactions with affiliated parties.

The hereby policy is drafted based on the legal provisions as follows:

- The provisions of the International Accounting Standard 24 “Presentation of information regarding affiliated parties (“IAS 24”),
- Provisions of the Law no. 227/2015 regarding the Fiscal Code, with subsequent amendments and additions
- Provisions of the Law 297/2004 regarding the capital market, with subsequent amendments and additions;
- Provisions of OUG 109/2011 regarding the corporate governance of public enterprises with subsequent amendments and additions
- Provisions of the Articles of Incorporation of SNN

Definitions

International Accounting Standard 24 “Presentation of information regarding affiliated parties (“IAS 24”)

As per IAS 24, the definition of the terms is the following:

Affiliated Party – a person or an entity (company) is considered to be affiliated with SN as follows:

- a) A person or a close family member of this person is considered affiliated with SNN if this person:
 - i. Has control over SNN, individually or in association with another person or entity;
 - ii. Has a significant influence over SNN;
 - iii. Is a member of SNN management.
- b) An entity/company is considered to be affiliated with SNN if the following applies:
 - i. The entity and SNN are part of the same group (which means that every mother-

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- ii. company, subsidiary or branch are affiliated parties to each other);
- iii. An entity and SNN are associated to each other or to a member of the group to which they belong;
- iv. An entity and SNN are associated to the same third party;
- v. An entity is part of a company associated to a third entity and SNN is associated to this third entity or SNN is part is part of an association affiliated to the third party and the entity is associated to this third entity
- vi. The entity represents a post-employment benefit for the employees of SN or for an entity affiliated with SNN;
- vii. The entity is controlled individually or within an association by a person who meets the criteria at letter a);
- viii. A person who meets the criteria presented at item a) (i) has a significant influence over SNN or is a member if the management.

Transactions with the affiliated parties – a transfer of resources, services or obligations between the affiliated parties, regardless of a price being paid or not.

The close member of a person’s family are those members who expect to be able to influence or to be influenced by the respective person in the affairs regarding the company and they include:

- a) Children and husband/wife, including the partner of the person;
- b) The children of the husband/wife or partner;
- c) The persons who depend on the respective person or on the husband/wife or partner of the respective person.

Control – the power to govern the financial and operational policies of an entity in view of obtaining certain benefits.

Significant influence – the power to participate in the decisions regarding the financial and operational policies of the entity, but does not has control over them. Significant influence may be obtained by means or property, status or agreement.

In the context of IAS 24, the following parties are not considered to be affiliated:

- (a) two companies only because they have a joint manager or member of the management or because a member of the company’s management has significant influence over the other company;
- (b) financers;
- (c) syndicates;
- (d) public utilities providing companies;
- (e) government agencies and departments, in developing their regular relations with a company, only in virtue of those transactions (even though they may restraint the freedom of action of a company or they may attend its decisional process);
- (f) a client, provider, franchiser, distributor or general representative with whom a company performs important business only due to the resulted economical dependence.

The Law no. 227/2015 regarding the Fiscal Code (“The Fiscal Code”)

According to the Fiscal Code, a person is affiliated if the relation with another person is defined at least by one of the following cases:

- a) a natural person is affiliated with another natural person if they are husband/wife or relatives up to third grade included;
 - b) a natural person is affiliated with a legal person if the natural person owns, directly or indirectly, including ownership of affiliated persons, minimum 25% of the amount/no. of participation titles or right to vote of a legal person or if effectively controls the legal person;
 - c) a legal person is affiliated with another legal person if at least owns, directly or indirectly, including ownership of affiliated persons, minimum 25% of the amount/no. of participation titles or right to vote to the other legal person or if effectively controls the legal person;
 - d) a legal person is affiliated with another legal person if a person owns, directly or indirectly, including ownership of affiliated persons, minimum 25% of the amount/no. of participation titles or right to vote of a legal person or if effectively controls the legal person.
- Between affiliated persons, the price for which the tangible or intangible assets are transferred or services are provided represents a transfer price;

EGO 109/2011 regarding the corporate governance of public enterprises with subsequent amendments and additions

According to the EGO 109/2011 art. 52, the affiliated parties are

- a) Administrators
- b) Managers
- c) Employees,
- d) Shareholders with control in the company or with a company controlled by them
- e) Husband or wife, relatives or affiliates up to the 4th degree

Law no. 297/2004 regarding the capital market with subsequent amendments and additions

According to the law no. 297/2004, art. 225, affiliated parties are administrators, employees, shareholders with control, as well as persons involved with them

The Articles of Incorporation of SN Nuclearelectrica SA

According to the provisions of the SNN Articles of Incorporation, competency limits are established for the approval of transactions with affiliated parties, according to legal provisions, as follows:

- a) Transactions for the acquisition of products, services and works with an individual amount or in a series of transactions under 50,000 Euro are approved by the CEO;
- b) Transactions for the acquisition of products, services and works with an individual amount or in a series of transactions exceeding 50.000 Euro are approved by the BoD.

Politics

Identifying transactions with affiliated parties

The company approaches an equitable, transparent and non-discriminatory policy regarding all transactions performed, according to the law. In case of transactions with affiliated parties, SNN applies the following methods for establishing the compliance with the provisions of art. 52 of the EGO 109/2011:

- Internal filter consisting in checking the status and shareholding of the respective partner at the National Office of Trade Register;

- Affidavit regarding registration/non-registration in the provisions of art. 52 of the EGO no. 109/2011 regarding corporate governance of public companies submitted by all SNN partners before signing the contracts.

Managing the conflict of interests in transactions with affiliated parties

Employees, members of the BoD and managers must inform the company's leadership when they or members of their families have a major interest in a transaction negotiated by the company.

Employees, members of the BoD and managers undergoing a conflict of interests with the affiliated party shall not be part of the evaluation committee created for the contract distribution, shall not attend discussions and deliberation during the decision making process, shall not sign documents regarding the awarding of the respective contract, shall comply with the provisions of the internal policy regarding privileged information protection and market abuse.

Members of the BoD ensure the avoidance of a direct or indirect conflict of interests with the Company, and in case of occurrence of such conflict, they shall refrain from debates and vote on respective situations, according to the current provisions of the law.

Any member of the Board must submit to the SNN BoD information regarding any report with a shareholder owning shares, directly or indirectly representing over 5% of all rights to vote. This obligation refers to any kind of report which may affect the position of the member regarding issues decided by the Board.

In order to ensure the procedure correctness of transactions with the affiliated parties, members of the BoD and the executive leadership uses the following criteria, but without a limitation:

- Keeping the competency of the BoD or GMS, as the case may be, to approve the most important transactions. In case of transactions with the SNN affiliated parties, shall comply with the provisions of art. 52 paragraph (5) of EGO 109/2011 with subsequent amendments and additions;
- Any transactions with a value equal or exceeding 5% of the company's net assets is approved by the BoD following a mandatory opinion of the Advisory Audit Committee of the Board
- The request of a previous opinion on the most important transactions from the internal control structures (the Advisory Audit Committee and the Internal Audit Department);
- Providing the negotiations, regarding these transactions, to one or more independent administrators or administrators without any connections with the respective affiliated parties;
- Independent experts for the purpose of analyzing transactions with affiliated parties.

Approval and notification of transactions with the affiliated parties

All transactions with the affiliated parties which value is individual or in a series of transactions during the last 12 months exceeding 50,000 Euro shall be approved by the Company's BoD.

Transactions with affiliated parties shall be evaluated by the Audit Committee created within the BoD which shall establish the compliance with the legal provisions and avoiding the conflict of interests, the competitiveness principles, equal treatment, bidder's transparency and indiscrimination, before their approval by the BoD.

The Audit Committee may issue general opinions valid for 12 months for repetitive transactions with the same affiliated party. Any transaction with a new affiliated party shall be distinctly analyzed.

The company shall issue current reports based on the provisions of art. 225 of the Law 297/2004 within 5 days from concluding any transactions with the affiliated parties, reports mentioning information regarding the object of the transaction, the total amount, mutual receivables, created warranties, terms and methods of payment. In case of electrical energy transactions shall be specified also the contract period. Reports shall be sent to the BSE, Financial Supervision Authority and shall be posted on the SNN website.

The BoD shall inform the shareholders, during the first GMS following the conclusion of the deed, on any transaction concluded by SNN, as a public company, with another public company or with the tutelary public authority, if the transaction amounts to, individually or in a series of transactions, to at least the equivalent in lei of 100,000 euro.

The BoD shall quarterly approve an information report regarding the acquisition of assets, services and works which value exceeds 500,000 Euro/acquisition (for assets and works acquisitions) and respectively 100,000 Euro/acquisition (for services), report which shall be published on the company's site.

The list of transactions with affiliated parties shall be included in the company's annual reports, detailed on transactions with electrical energy, public acquisition transactions and creating deposits.

The transactions with affiliated parties are quarterly and annually checked by the SNN auditor, issuing an independent report for limited insurance on the information included in the current reports drafted by the Company according to the provisions of art. 225 of the Law no. 297/2004 and the CNVM Regulation no. 1/2006, a report published on the SNN site.

No shareholder can have a preferential treatment before other shareholders regarding transactions and agreements concluded by the company with the shareholders and their affiliates.