



NUCLEARELECTRICA

Organization and Operation Rules of the Board of Directors of The National Company Nuclearelectrica S.A.

I. General framework

Art. 1. (1) The National Company Nuclearelectrica S.A. (hereinafter referred to as “SNN” or the “Company”) is managed in unitary system corporate model by a Board of Directors (hereafter referred as „BoD” or the „Managing Board”) consisting of 7 members appointed by the Ordinary General Meeting of the Shareholders.

(2) BoD members are appointed for a four-year mandate, and they can be reappointed. The mandates of the managers who fulfilled their attributions, can be renewed after an evaluation process. The mandates of the managers who were appointed due to the termination of the initial managers’ mandates, by any means, coincide with the remainder of the manager’s mandate who has been replaced.

(3) The majority of BoD members of SNN consist of non-executive and independent managers, pursuant to art.138² of Law 31/1990, republished, with the subsequent amendments and additions, and pursuant to the Code of Corporative Governance of BSE.

(4) BoD members have to allocate enough time to the Company to fulfill their attributions adequately. Their participation in the meetings of the Board of Directors will be reflected by the Declaration of the Corporative Governance, which is a part of the annual report of the Company that shall contain information about the participation in person/by delegation or the absence of BoD members in the meetings organized that year.

II. Organization and attributes

Art. 2 (1) The members of the Board of Directors are appointed by the General Meeting of the Shareholders on the proposal of the Board of Directors in office or the shareholders. BoD members conclude a mandate contract with the Company, which then, is approved by the General Meeting of the Shareholders, in compliance with the provisions of GEO nr.109/2011.

(2) Each manager has to accept expressly the performance of his/her mandate.

(3) The members of the Board of Directors have to perform their mandates with the prudence and diligence of a good manager. The manager does not break this obligation if he/she takes a business decision and he/she feels reasonably entitled to consider that they act for the sake of the Company based on adequate information. A business decision is any business of taking or not any measures regarding the Company management.

(4) The members of the Board of Directors shall exercise their mandates being loyal to the Company interest.

(5) BoD members are forbidden to disclose confidential and secret business information to which they have access to, as managers. This obligation remains valid after their mandates as managers terminate.

(6) During the fulfillment of their mandates, the managers cannot conclude a contract of employment with the Company. In case the managers are chosen from the Company staff, their

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individual contract of employment shall be suspended the moment their mandate has been accepted.

(7) The managers can be revoked at any time by the Ordinary General Meeting of the Shareholders. In case the revocation occurs without a justified reason, the manager is entitled to be paid damages.

(8) The revoked manager cannot candidate for other Board of Directors, according the provisions GEO 109/2011, with the subsequent amendments and additions, for a period of 5 years, starting with the moment the revoking decision is definite.

(9) The persons who are incompatible, according to the provisions of Law 31/1990 and GEO 109/2011, with the subsequent amendments and additions, or who have been convicted for fraudulent management, misuse of power, forgery and use of forgery, fraud, embezzlement, perjury, bribes, as well as other crimes of the same kind, cannot be members of the BoD of SNN.

Art. 3 (1) Each member of the Board of Directors must submit an independence declaration based on the criteria provided by art. 138²(2) of the Company Law no. 31/1990, and another independence declaration based on the criteria provided by point A.4. of the Code of Corporate Governance of BSE, both at the moment they are nominated to be appointed or reappointed and the moment when a change of their status occurs. They also are obliged to point out the issues on which base they consider themselves to be independent as to their characters and judgments.

(2) The members of the Board of Directors shall give the Company their CVs and information about their executive and non-executive positions held in the Board of other companies and non-profit institutions with the purpose of being published on SNN website. This information has to be updated every time when changes occur.

Art. 4 (1) The chairman of the Board of Directors is appointed by the Board of Directors from its members. The General Manager of the Company cannot hold this position, even though he/she is a member of the Board of Directors. The chairman of the Board of Directors is appointed for a period that cannot exceed the duration of his/her mandate as a manager and he/she can be revoked any time by the Board of Directors.

(2) The chairman coordinates the Board activity and reports about it to the General Meeting of the Shareholders. In addition, the chairman controls the good functioning of the company decision-making bodies.

(3) In case the chairman cannot temporarily exercise his attributes, the Board of Directors can designate another manager to hold this position during this period.

Art. 5 (1) In case of vacancy of one or more administrator positions, the shareholders, including the Romanian State shareholder, due to being a public supervisory agency, can convene the General Meeting of the Shareholders so as to appoint one or more interim managers till the selection procedure of the manager appointing is finished, in compliance with the legislation in force. The Board appoints some temporary managers until the meeting of the Ordinary General Meeting of the shareholders takes place. The Shareholders, including the State-shareholder due to being a public supervisory agency, shall be able to present their candidate proposals to the General Meeting.

(2) If the vacancy mentioned in paragraph (1) lead to the decrease of the managers' number below the legal minimum requirement, the shareholders, including the Romanian State shareholder as a public supervisory agency, by their own or together, can convene immediately the General Meeting of the Shareholders in order to complete the number of the Board of Directors members with interim managers who shall hold this position till the finalization of the managers' selection procedure, according to GEO no.109/2011. For that purpose, the shareholders, including the Romanian State shareholder as a public supervisory agency, shall be

able to present the candidate proposals to the General Meeting of the shareholders.

(3) In the circumstances provided by paragraph (1) and (2), the duration of the mandate is of 4 months, with the possibility to extend it with maximum 6 months for serious reasons.

(4) In case the selection procedure is suspended or cancelled by a court, the interim manager's mandate shall be valid until the appointment of the new manager.

Art. 6 (1) Within maximum 30 days from their appointment, the Board of Directors elaborates a proposal for the management component of the management plan so as to achieve the financial and non- financial indicators of performance.

(2) The management component provided by paragraph (1) is completed with the managerial component elaborated by the managers designated according to art.35 of GEO no. 109/2011, with its subsequent amendments and additions. The management plan is submitted to the analysis and approval of the Company Board of Directors.

(3) Within 5 days after the approval of the management plan, by the concern of the Board of Directors, the General Meeting of the Shareholders shall be convened, with the purpose to negotiate and approve the financial and non-financial indicators of performance resulted from the management plan.

(4) The negotiation of the financial and non-financial indicators of performance based on the management plan and the expectation letter shall be made within 45 days after their transmission to the public supervisory body. In case the negotiation is not finalized until the expiry of this period, it can be expanded only once, with maximum 30 days, at the request of any of the involved parties.

(5) In case the negotiation fails during the two stages, the members of the Board of Directors shall be revoked, without being entitled to receive damages. If so, the result of the negotiation must be justified and published on the website of the Company.

(6) The financial and non-financial indicators of performance, negotiated and approved by the General Meeting of the Shareholders, are factors which determine the variable component of the remuneration of the company managers and directors appointed in accordance with art.35 of GEO no.109/2011, with its subsequent amendments and additions.

(7) The evaluation of the managers' activity is made annually by the General Meeting of the Shareholders, as appropriate, with the assistance of some experts in such evaluations, and it comprises both the mandate execution and the management plan.

Art. 7 The company has to contract professional liability insurance policies for its managers, in compliance with art.35 of GEO nr.109/2011.

Art. 8 (1) The remuneration of the members of the Board of Directors is established by the General Meeting of the Shareholders within the structure and limits provided by paragraph (2) and (4) below.

(2) The remuneration of the executive and non-executive members of the Board of Directors consists of a monthly fixed allowance and a variable component. The fixed allowance cannot exceed twice the amount of the average for the last twelve months of the average gross salary received for the activity performed, in accordance with the main objective of the activity, registered by the Company, at the class level in compliance with the activity classification in the national economy, communicated by the National Statistics Institute prior to their appointment. The variable component is established based on the financial and non-financial indicators of performance, negotiated and approved by the General Meeting of the Shareholders, whose targets are inclusively the company long-term sustainability and the insurance of the compliance with the principles of good governance. The quantum of the variable component of the non-executive members cannot exceed the amount of maximum 12 fixed allowances.

(3) The remuneration of the executive members of the Board of Directors consists of a monthly

fixed allowance that cannot exceed in value the average for the last twelve months of the average gross salary by 6 times for the activity performed in accordance with the main objective of the activity, which are registered by the Company at the class level in accordance with the classification of the activities in the national economy, communicated by the National Statistics Institute prior to their appointment, plus a variable component. The variable component shall be based on the financial and non-financial indicators of performance, negotiated and approved by the General Meeting of the Shareholders.

(4) The financial and non-financial indicators of performance used for the variable component calculation of the remuneration of the Board of Directors members are approved separately for each category of managers, executive and non-executive, in compliance with the methodology provided by art.3¹ para. (5) of GEO no. 109/2011, with its subsequent amendments and additions.

(5) The variable component of the remuneration of the Board of Directors members is revised annually, depending on the level of achievement of the objectives included in the management plan, and the level of achievement of the financial and non-financial indicators of performance, approved by the General Meeting of the Shareholders, annex of the mandate contract.

(6) The General Meeting of the Shareholders shall ensure that the quantum of the monthly fixed allowance for each member of the Board of Directors, made in compliance with paragraph (2) and (4), is justified by reference with their specific duties, the attributes in the advisory committees, the number of meetings, the objectives and the performance criteria defined in the mandate contract.

Art. 9 (1) The attributes of the Board of Directors are those provided by Law no. 31/1990, GEO no. 109/2011, the Articles of Incorporation of the Company and the Mandate Contract concluded with the Company.

(2) The Board of Directors is responsible for the production of all the useful documents necessary to achieve the object of the Company activity, with the exception of those that are reserved by law for the General Meeting of the Shareholders.

(3) The Board of Directors has the following attributions, which cannot be delegated to the directors:

- a) assignment of the main activity and the development orientations of the Company;
- b) establishment of the accounting policies and the system of financial control, as well as the approval of the financial plan;
- c) designation and the revocation of the directors and the determination of their remuneration;
- d) monitoring the activity of the General Manager and of the Directors;
- e) preparation of the annual report, organization of the General Meeting of the Shareholders and the implementation of their decisions;
- f) introduction of the application for the Company insolvency proceedings, in accordance with Law no. 85/2006 related to the insolvency procedure;
- g) approval of the change of the activity object, without changing the company main domain and activity;

(4) In addition, the Board of Directors has the following attributions:

- a) exercises the control over the way the General Manager and the other Directors run the Company;
- b) approves the venue and expense budget;
- c) approves the management plan drew up by the General Manager and/or the other Directors;
- d) within 30 days after the appointment , elaborates and presents a proposal for the composition of the management component of the management plan to the General Meeting of the Shareholders to be approved, with the purpose to achieve the financial and non-financial indicators of performance, this management component being completed with the managerial component elaborated by the Directors;

- e) controls whether the activity developed in its name and for the Company is in compliance with the law, the Articles of Incorporation and any important decision of the General Meeting of the Shareholders;
 - f) presents an annual report regarding the management activity to the General Meeting of the Shareholders;
 - g) represents the Company in the relations with General Manager and the appointed Directors;
 - h) controls and approves the quarterly, semi-annual and annual financial situations of the Company;
 - i) controls and approves the General Manager's report and the Directors' reports;
 - j) proposes to the General Meeting of the Shareholder the designation and the revocation of the financial auditor, as well as the minimum duration of the audit contract.
 - k) approves the mandate contract of the General Manager and the appointed Directors', thus establishing the method of organizing the directors' activity;
 - l) approves the delegated persons to negotiate the Collective Agreement for Employees with the representative unions and/or the representatives of the employees, as well as the negotiation mandate granted to them;
 - m) approves the Collective Agreement for the Employees at the Company level; approves the Regulation of the Organization and the Operation of the Board of Directors;
 - n) approves the activity programs (production, research – development, technological engineering, investments etc.) and SNN affiliation to internal and international organizations;
 - o) approves the strategy regarding the energy sale transactions of the company;
 - p) approves any transactions of the Company made with any companies with which it has close relationships. Their value is equal or higher than 5% of the net value of the Company assets (in accordance with the latest financial report), according to the compulsory opinion of the Board Audit Committee. These transactions are then communicated fairly to the shareholders and the investors, if they fall within the category of the events that are the objects of the reporting requirements.
 - q) approves the conclusion of any contracts/documents which give birth to legal obligations for the Company (acquiring documents, selling documents, changes or the establishment of the tender guarantee of some assets from the Company fixed assets. Their value does not exceed, individually or cumulated, throughout the period of a financial year, 20% of the Company total fixed assets, minus the receivables, in accordance with the competence limits provided by Annex to this Articles of Incorporation;
 - r) approves the amount of the rent for intangible assets for a period longer than a year, whose individual or cumulated value does not exceed 20% of the total value of the intangible assets, without the duties which exist at the date of the legal act conclusion and the associations made for more than a year that have the same value, in comparison with the same co-contractor, the involved persons or those who act in collaboration.
 - s) approves the mandate of the representatives of Nuclearelectrica in the General Meeting of the Shareholders of S.C. Energonuclear S.A. for all the decisions falling within the responsibility of the General Meeting of the Shareholders of S.C. Energonuclear S.A., with the exception of those which require the decision of the General Meeting of the Company Shareholders, according to the provisions of this Articles Of Incorporation.
- (4)** The Board of Directors has to sign/approve the contracts, the loans, and different operations at the Company level, according to the competence limits provided in the Annex of the SNN Articles of Incorporation.
- (5)** The SNN members are solely responsible to the Company for the following:
- a) The achievement of the payments made by the associates;
 - b) The actual existence of the paid dividends;
 - c) The existence of the registers imposed by the legal provisions in force and their correct management;

- d) The accurate application of the decisions of GMS of SNN;
 - e) The proper fulfillment of the duties they have, according to the legal provisions in force and the provisions of the Articles of Incorporation.
- (6) Every trimester and semester, the BoD of SNN presents to the GMS of SNN a report on the management activity, which also includes some information related to the execution of the directors' contracts of mandate, details regarding the operational activities, the financial performances of the Company and the quarterly and half-annual accounting reports of the Company.
- (7) The Board of Directors endorses all the documents submitted to the approval of the General Meeting of the Shareholders.

III. The Operation of the Board of Directors

Art. 10 (1) The BoD of SNN operates its activities in appliance with their own Regulation of Organization and Operation and decides on all the issues regarding the Company activity, with the exception of those which fall within the responsibility of the General Meeting of the Shareholders according to the Law and/or the Articles of Incorporation. The Board of Directors gathers at least once every three months. The chairman summons the Board of Directors, sets the agenda, ensure the adequate information of the board members related to the agenda, and presides the meeting.

(2) The Board of Directors usually meets at the Company headquarters or they can organize operative meetings of the Board of Directors by means of distance communication that meet the necessary technical requirements which allow the identification of the participant, their actual participation to the meetings of the Board of Directors and the transmission of their deliberations continuously (telephone, video-conference and other communication equipment).

(3) The meetings of the Board of Directors shall be convened as follows:

- a) By the Chairman of the Board of Directors (or by a member of the Board of Directors based on a delegation given by the Chairman) or any time it is necessary, but at least once every 3 (three) months;
- b) By the Chairman of the Board of Directors, on the justified request of any two members of the Board of Directors or on the request of the General Manager, provided that the points included in the their request fall within the attributions of the Board of Directors;
- c) By two members of the Board of Directors, in case the Chairman does not convene the meeting of the Board of Directors, as provided in the above points (a) and (b).

(4) In exceptional circumstances, justified by an emergency and in the Company interest, the decisions of the Board of Directors shall be made with the members' unanimous written vote, without the necessity of organizing a meeting. In order to have a decision made without a meeting, the proposal must be communicated in writing, including by email, and it must be accompanied by the related documentation, prior to the decision making. However, this procedure cannot be resorted to, regarding the decisions made by the Board of Directors on the financial situations or the authorized capital.

(5) The meetings of the Board of Directors shall be convened by a written notice that is transmitted within at least 3 (three) working days before the proposed date of the meeting. The notification period shall not include the transmission day and the day when the meeting will take place. In addition, the notification shall be transmitted to all the members of the Board of Directors, in compliance with the provisions of the Articles of Incorporation.

(6) In case the Board of Directors is convened on the request of two of its members or on the request of the General Manager, the convocation shall be transmitted at the latest, 7 (seven) days after the request was received.

(7) The convocation of the BoD of SNN shall be transmitted to each member of SNN in writing,

by fax or by email. Every member of the BoD of SNN is obliged to notify the Company in writing, by fax or by email with regard to any changes of their email address and/or fax number, as appropriate. In case that an BoD member of SNN has not notified the changes of the email address or the fax number, the Company shall not be blamed for the irregularities that can appear related to the convocation.

(8)The convocation regarding the meeting of the BoD members of SNN will indicate the time and the place of the meeting data, and the fact that it will be held at the Company headquarters (if the convocation indicates other place, the address shall be mentioned, too). Also, the convocation for the meeting of BoD of SNN shall indicate the agenda and it shall usually include the whole documentation related to the items of the agenda which will be discussed during the meeting.

Art. 11 (1) The agenda of the BoD CA, the proposed day and the documents to be analyzed shall be made known to the BoD members by the secretary of the BoD of SNN.

(2) The issues discussed during the BoD meeting of SNN are as follows:

(i) the documents that have to be approved;

(ii) the documents that have to be endorsed;

(iii) informative documents;

(iv) various other issues that require or not a decision during that meeting.

(3) In case the agenda includes the subjects proposed by the BoD members of SNN, the initiator of each subject shall be specified.

Art. 12 The debates of the Board of Directors shall follow the agenda which established and transmitted by the secretary of BoD at least 3(three) working days before the meeting. BoD of SNN shall be able to decide upon some issues that are not included in the agenda if the majority of the present members agree to their inclusion in the agenda.

Art 13 (1) As for the subjects included in the agenda which require the endorsement and the approval of BoD of SNN, the meeting chairman shall seek expressly the vote of the BoD members.

(2) BoD members of SNN shall vote „in favor”, „against” or „abstention” for each term of the agenda and they are obliged to justify their vote “against” or „abstention” with arguments that shall be included in the minutes of the meeting. Conditional or partial vote shall not be accepted. The vote are cast for the documents submitted to the debate, in keeping to the agenda, with the additions/amendments agreed upon by the majority of the BoD members of SNN who are present at the meeting.

(3) In case:

a) the vote is not transmitted till the deadline specified in the meeting notification, then the BoD member of CA SNN shall be considered absent;

b) the vote of the BoD member is not explicitly „in favor” or „against”, the vote shall be considered „abstention”;

c) the majority of the BoD members of SNN does not vote, abstain or requests expressly the vote adjournment, the issued under debate shall be rescheduled for the next meeting.

Art. 14 (1) The attendance of the majority of BoD members of SNN is necessary for the validation of the decisions, and these are adopted by the majority of the members who are present. The members of the Board of Directors can be represented in the meetings only by other members of the Board of Directors, based on written special delegation or discretionary general mandate. The discretionary general mandate or the special delegation shall be transmitted to the secretary the latest on the day of the BoD meeting. A member of the Board of Directors can represent only a single absent member.

- (2) The decision with regard to the appointment or the revocation of the BoD Chairman of SNN shall be adopted with the majority of the BoD members of SNN.
- (3) The BoD chairman of SNN shall have the decisive vote, if the voting is a tie.
- (4) The BoD members of SNN shall be able to perform any action that is in the interest of the Company management, within the limits of the rights they have.

Art. 15 (1) The secretary shall write the minutes of every meeting of the Board of Directors which shall include the list of the present managers, the agenda, the decisions made, the number of the votes and the separate opinions expressed by the BoD members.

(2) The register of the minutes and any video/sound recordings of the meetings shall be kept by the secretary and they can be consulted by the BoD members at the Company headquarter.

(3) The meetings of the Board of Directors can be attended by the Directors/Heads of Departments, internal auditors and other guests who shall not have the right to vote.

Art. 16 (1) The secretary is appointed by the Decision of the Board of Directors and he/she must be a Company employee.

(2) The secretary of the Board of Directors has the following attributes:

(i) ensures the preparation, organization and the conduct of the meeting of the Board of Directors, from an administrative viewpoint;

(ii) writes the agenda of the meetings based on the project given by the Chairman of the Board of Directors/ two BoD members or the General Manager;

(iii) transmits electronically to the BoD members 3(three) working days before the meeting, a whole set of documents submitted to the approval/endorsement/information of BoD members, except for the documents that include confidential information or those whose disclosure could prejudice the Company; such documents shall be made available to the managers on the meeting a day before it starts, and they shall be returned to the secretary when the meeting ends.

(iv) prepares the meeting portfolios with the documents that are to be submitted to the approval/endorsement/information of the BoD members;

(v) writes the minutes of the meetings and the decision related to the agenda issues of the BoD meetings.

(vi) ensures a valid transmission system of the Board of Directors decisions to those who are responsible for their application.

Art. 17 (1) BoD decisions shall be signed by the BoD Chairman and at least one member of the Board of Directors, other than the General Manager. The Director of the Legal Department and Corporate Business or his/her substitute, and the BoD secretary shall endorse the BoD decisions.

(2) The minutes of the BoD meetings shall be signed by all the members who attend the meeting, including the members who have been delegated. These minutes are recorded (by filing) in a registry of the minutes, which are sealed, signed, numbered and stamped on each page. The BoD secretary shall sign the minutes on each page. A copy of the minutes is kept in the folder of every BoD meeting.

(3) The decisions of the Board of Directors are recorded in a decision register, sealed, signed, numbered and stamped on each page. In addition, the BoD secretary shall sign the BoD decisions on each page. A copy of the decision shall be kept in the folder of every BoD meeting. In case the BoD decision has to be transmitted to other authorities (the public supervisory body, State institutions etc), those decisions shall be signed on more original copies.

(4) Both the BoD decisions and the minutes will be typed and sealed in the above-mentioned registers.

Art. 18 (1) The competence of decision-making and the Company running, as well as the responsibility by law for their effects belong to the BoD of SNN and the Directors, in case the

running attributes have been delegated to them, in compliance with Law no. 31/1990, GEO no. 109/2011 and the Articles of Incorporation.

(2) The General Manager and /or the directors to whom the attributes have been delegated by the BoD decision of SNN shall report the performance of their delegated attributes to the BoD of SNN.

IV. Advisory Committees

Art. 19 (1) For the BoD of SNN, it is compulsory to establish the Advisory Committee for Nomination and Remuneration and the Advisory Committee for Audit. The Advisory Committee for Audit and the Advisory Committee for Nomination and Remuneration consist only of non-executive managers. At least one member of the Advisory Committee for Audit must be experienced in the application of the accounting or in financial audit. Most members of the Advisory Committee for Nomination and Remuneration must be independent.

(2) The Advisory Committee for Nomination and Remuneration makes proposals for the position of member of the Board of Directors. The General Manager and the Directors elaborate and propose to the Board of Directors the selection procedure of Board of Directors members, the General Manager, the Directors and other management positions. In addition, they make proposal with regard to the remuneration of the General Manager, the Directors and other management positions, besides the fact that they coordinate the nominalization procedure of the new BoD members and make recommendations.

(3) The Advisory Committee of Audit fulfils the attributes provided for this legislative committee that regulates the statutory audit of the financial situations. The Audit Committee has to consist of only three members whose majority must be independent. The Advisory Committee for Audit must carry out an annual evaluation of the internal control system whose aim is the effectiveness and scope of the internal audit, the adequacy of the risk management and internal audit reports presented by the audit committee of the Board, as well as the promptitude and weaknesses identified by the internal control and the presentation of the important reports to the Board. Also, the Advisory Committee for Audit must evaluate the conflicts of interest related to the Company transactions with the affiliated parties. Most members, including the chairman of the Advisory Committee for Audit shall have demonstrated that they have an appropriate qualification relevant to the positions and responsibilities of the Committee. At least one member of the Audit Committee must be experienced in the application of the accounting and financial audit principles.

(4) The Advisory committees, others than those mentioned in the above paragraph (2) and (3) consist at least of 2 (two) members of the Board of Directors, and at least one member of every Advisory committee must be an independent non-executive manager. The actual number of the member of each Advisory committee shall be established by a decision of the Board of Directors.

(5) The Board of Directors shall decide upon the supplementary attributions of the Advisory Committee of Nomination and Remuneration and the Advisory Committee of Audit, as well as the attribution of the other Advisory committees they establish.

(6) Every Advisory Committee shall have a chairman and a secretary designated from the staff of SNN who shall have attributes related to the activity field of that committee. The chairman of the Audit Committee has to be an independent non-executive member.

(7) The Advisory Committees are responsible for the conduct of investigations and the elaboration of recommendations for the Board of Directors, in their field of activity. They shall also forward regularly reports on their activity to the Board of Directors.

(8) On the proposal of the chairmen and the members of the Advisory committees, the Board of Directors may approve the co-optation of some permanent and independent external experts, legal or natural persons, who are specialists in the activity field of the Advisory Committees and

who can assist their members' activity , at the same time establishing the remuneration of these experts.

(9) Each Advisory committee established by BoD of SNN must draw up their own organization and operation regulation, which then shall be submitted to the approval of BoD of SNN.

(10) BoD of SNN can unify the regulations of all the Advisory committees in a common regulation for the organization and the operation of these committees.

(11) Every Advisory committee prepares an activity report annually, which shall be included in the declaration of corporative governance of the annual report of the Company.

V. The Management of the Conflict of Interests and Transactions with the Involved Persons

Art. 20. The members of the Board of Directors shall make decisions in the Company exclusive interest and shall not take part in the debates and decisions that can create a conflict of interests between the persons' and the Company's interests.

Art. 21. Every member of the Board of Directors shall ensure that he/she will avoid a direct or indirect conflict of interest with the Company. In case such a conflict occurs, he/she shall abstain from the debates and the voting related to those matters, according to the legal provisions in force.

Art. 22. Any members of the BoD of SNN must present the Board of Directors of SNN information regarding any relationship with a shareholder who directly or indirectly owns shares that represent 5% of all votes. This obligation refers to any kind of relationships that can affect the member's position on the matters decided by the Board.

Art. 23. To ensure the procedural fairness of the parties involved, the members of the Board of Directors appeal to the following criteria but they do not limit to them:

- Preservation of BoD or GMS competence, as appropriate, to approve the most important transactions. In the case of the transactions with the parties affiliated SNN, the provisions of art. 52, paragraph (5) of OUG 109/2011, with its amendments and additions shall be respected;
- Any transactions that is equal or higher in value than 5% of the net value of the Company assets shall be approved by the Board of Directors following the compulsory opinion of the Advisory Audit Committee of the Board
- The request of a previous opinion from the internal control structures (the Advisory Committee for Audit) and the Department of Internal Audit) on the most important structures;
- The entrusting of the negotiations related to these transactions to one or more managers who have no relationships with the parties involved;
- Resorting to independent experts.

Art. 24. The Board of Directors shall inform the shareholders during the first GMS meeting that follows the conclusion of a legal act, about any transactions concluded by SNN, as a public company , with another public company or public supervisory authority, and whether the value of transaction, individually or in a series of transactions, is at least the equivalent in LEI of 100,000 Euro.

Art. 25. The Board of Directors shall approved with a quarterly frequency an information report relate to the purchase of goods, services and works whose values is greater than 500,000 Euro/acquisition (for works and supply contracts) and respectively 100,000 Euro/acquisition (for services). This report shall be published on the Company website.

Art. 26. The Board of Directors shall publish annually a report related to the sponsorships of the previous year on the website of SNN.

VI. TRANSMISSION OF BoD DECISIONS AND THEIR IMPLEMENTATION

Art. 27. The decisions of BoD of SNN are transmitted to the compartments, which previously forwarded those documents to the BoD secretary in order to be approved /endorsed/informed no later than 4 (four) days after the BoD meeting. There have been appointed the persons who are responsible for the documents that have been transmitted to be solved and for which the deadlines, the solutions, the causes and the measures taken in case of their non-implementation. Also, the decisions are transmitted to the BoD members and all the persons responsible for their implementation and their following.

Art. 28. The General Manager/ Directors inform in writing the Chairman of the Board of Directors and, as appropriate, the members of the Board of Directors, about the state of the decision implementation at their deadlines.

VII. THE ACTIVITY EVALUATION OF THE BOARD OF DIRECTORS

Art. 29. (1) The Board of Directors shall elaborate annually a handbook with regard to its evaluation.

(2) The evaluation can be made by an independent expert hired by the Board of Directors.

(3) Evaluation shall refer to the improvement of decision- making process, the effectiveness of reaching the BoD objectives, and the proposals for improvement measures.

VIII. THE LIABILITY OF BoD MEMBERS

Art. 30. The BoD members of SNN are liable for the fulfillment of all their attributes and obligations according to the Law.

Art. 31. The BoD members shall exercise their mandates loyally in the Company interest.

Art. 32. The members of the Board of Directors shall not disclose confidential information and the commercial secrets of the Company to which they have access as managers. This obligation account for them after the termination of their manager mandates, too.

Art. 33. (1) The managers are liable to the Company for the prejudices caused by the directors' and the staff's actions to the Company, in case the damage shall not have been produced if they had exercised the control imposed by the duties of the positions.

(2) The managers are solely responsible for their immediate predecessors in case they are aware of some irregularities committed by the latter, and they do not report about them to the internal and the financial auditors.

(3) In the companies that have more managers the liability for their acts of for omissions does not refer to the managers who have entered into the decision register of the Board of Directors their opposition, and have notified in writing the internal and the financial auditors about this matter.

IX. FINAL PROVISIONS

Art. 34 (1) The BoD members of SNN, as well as the Company directors are obliged to know and comply with the provisions of this agreement.

(2) This Regulation for the Organization and Operation for the Board of Directors applies to all the members of the Board of Directors, regardless the moment when they are appointed, and no matter the situation, nature and the quality of the manager that proposes their appointment for this position.

Art. 35. Only the BoD of SNN can amend and modify this Regulation of Organization and Operation.

Art. 36. This Regulation of Organization and Operation has been approved by the BoD of SNN

at the date of 22.03.2017 and shall enter into force at the date of its approval.

**THE CHAIRMAN OF THE BOARD OF DIRECTORS
ALEXANDRU SANDULESCU**