

NUCLEARELECTRICA

POWERed by People

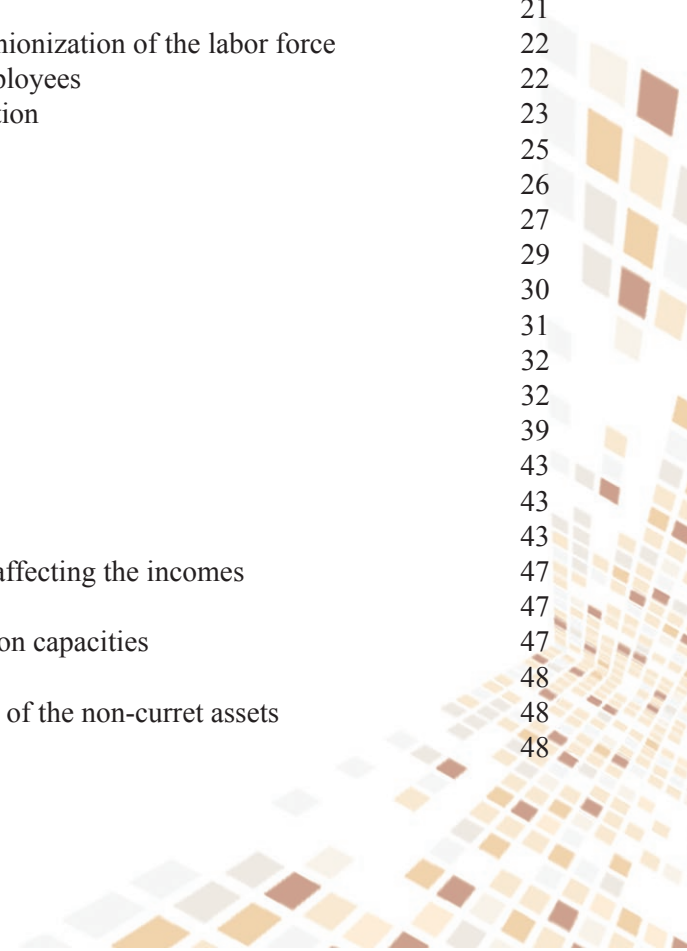
ANNUAL REPORT OF THE ADMINISTRATORS OF SN NUCLEARELECTRICA SA

for the financial year 2014



Content

1.	BASIS OF THE REPORT	3
2.	IDENTIFICATION DATA	3
3.	MESSAGE OF THE BOARD OF DIRECTORS	4
4.	STATEMENT OF THE CEO	6
5.	ACTIVITY ANALYSIS	7
5.1.	Presentation of the company	7
5.1.1.	Main activity of the company	7
5.1.2.	Mision, vision, values, objectives	8
5.1.3.	Date of establishment	9
5.1.4.	Shareholding structure	9
5.1.5.	Significant mergers or reorganizations of the company	9
5.1.6.	Aquisiton and/or trade of assets	9
5.2.	Elements of general assesment	10
5.3.	Production and sale activity	12
5.3.1.	Production of electric and thermal power	12
5.3.2.	The main markets for each product and the distribution method	13
5.3.3.	The weight of each category in the energy sales revenues and operating revenues	16
5.3.4.	The evolution of sales on the internal and/or external market and long and medium-term perspectives	17
5.3.5.	The situation on the competitive market, the weight of products on the market and main competitors	17
5.3.6.	Dependency on a single client or group of clients	19
5.4.	The technical-material supply activity	20
5.5.	Human resources activity	21
5.5.1.	Number, level of training and the degree of unionization of the labor force	22
5.5.2.	The Relations between Management and Employees	22
5.6.	The Activity related to Environmental Protection	23
5.7.	Radioprotection Program	25
5.8.	Research and Development Activity	26
5.9.	Operating Authorizations and Licenses	27
5.10.	Nuclear safety	29
5.11.	Integrated Management System	30
5.12.	Corporate Social Responsibility	31
5.13.	International Relations	32
5.14.	Legal activity	32
5.15.	Activity related to Risk management	39
5.16.	Perspective elements	43
5.16.1.	Factors that may influence liquidity	43
5.16.2.	Current and anticipated capital costs	43
5.16.3.	Events, transactions and economica changes affecting the incomes	47
6.	NON - CURRENT ASSETS	47
6.1.	Location and characteristics of main production capacities	47
6.2.	The depreciation degree of the assets	48
6.3.	Potential issues related to the ownership right of the non-curret assets	48
6.4.	Operational Performance Indicators	48



7.	MARKET OF SECURITIES ISSUED BY THE COMPANY	50
7.1.	The Romanian markets and the markets of other countries where the securities issued by the company are traded	50
7.2.	Dividend policy	50
7.3.	Activity of SNN at BSE	51
7.4.	Presence in the indexes	52
7.5.	Communication with the shareholders and investors	52
7.6.	Further information	53
8.	INDIVIDUAL FINANCIAL STATEMENTS AS AT 31.12.2014	54
9.	CONSOLIDATED FINANCIAL STATEMENTS AS AT 31.12.2014	55
10.	CORPORATE GOVERNANCE	57
10.1.	Implementation of the corporate governance principles	57
10.2.	The General Meeting of Shareholders	58
10.3.	The management of the Company	62
10.3.1.	The Board of Directors (BoD)	62
10.3.2.	The executive management	65
10.4.	Advisory Committees	67
10.5.	Shareholders rights	69
10.6.	Transparency, financial reporting, internal control and risk management	70
10.7.	Conflict of interest and transactions with related parties	71
10.8.	Internal audit	72
11.	PRESENTATION OF THE GROUP	73
12.	SUBSEQUENT EVENTS	75
13.	STATEMENTS AND SIGNATURES	75
14.	APPENDIXES	76
	Appendix 1 – Articles of incorporation amended in 2014	77
	Appendix 2 – Important contracts concluded by the company in 2014	78
	Appendix 3 – Appointment/revocation documents in 2014	88
	Appendix 4 – List of headquarters	89
	Appendix 5 – List of subsidiaries	90
	Appendix 6 – List of the company's branches	91
	Appendix 7 –List of the entities affiliated to the company	92
	Appendix 8 - List of ongoing litigations at 31.12.2014	93
	Appendix 9 – Corporate governance statement “Apply or Explain”	111
	Appendix 10 – Audited individual financial statements at 31.12.2014 prepared in accordance with IFRS – EU	115
	Appendix 11 – Audited consolidated financial statements at 31.12.2014 prepared in accordance with IFRS – EU	116



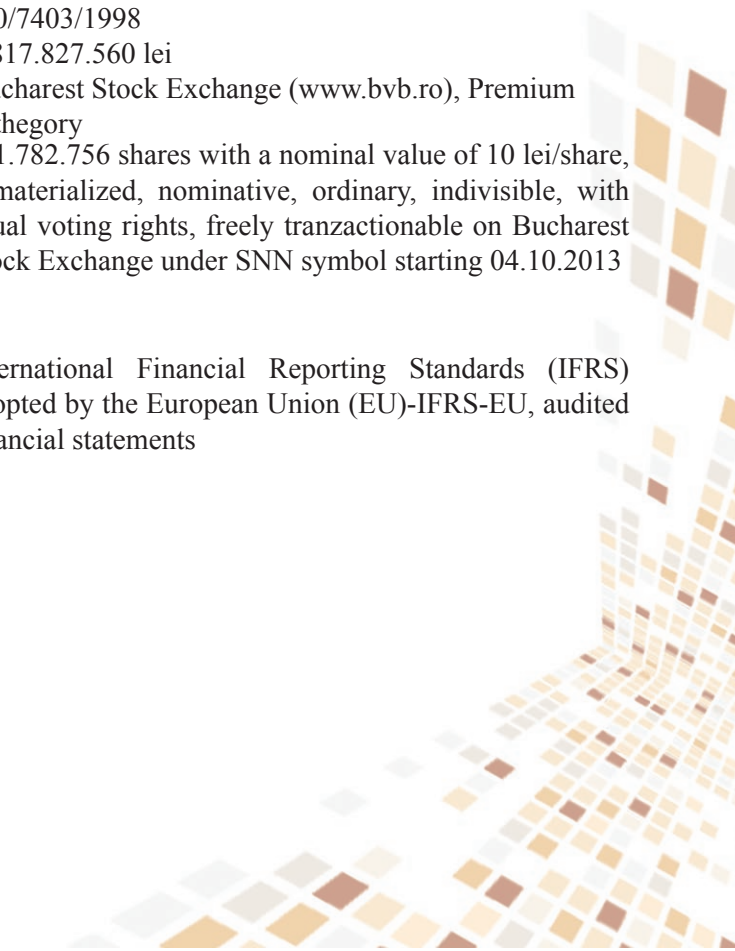
1. BASIS OF THE REPORT

The annual report of the administrators of SNN for the financial year ended at 31 December 2014 comprises the required information in compliance with:

- OMFP no. 1286/2012 for the approval of the accounting regulations in compliance with the International Financial Reporting Standards, applicable for commercial entities with securities admitted for trade on a regulated market, with the subsequent amendments, regarding the Annual individual report of the administrators and the Annual consolidated report of the administrators;
- Art. 227 of the Law no. 297/2004 regarding the capital market and Annexe number 32 to CNVM Regulation no. 1/2006, regarding the requirements for the Annual report;
- OUG no.109/2011 regarding the corporate governance of public enterprises with subsequent modifications and amendments.

2. IDENTIFICATION DATA

Reporting date:	25 March 2015
Issuer's name:	S.N. Nuclearelectrica S.A.
Social headquarters:	Bucharest, 65 Polona street, district 1
Telephone/Fax:	+40 21 203 8200; +40 21 316 94 00
Web/ Email	www.nuclearelectrica.ro ; office@nuclearelectrica.ro
Sole Registration Code with the Trade Register Office	10874881
Order number in the Trade Register	J40/7403/1998
Subscribed and paid share capital at as 31.12.2014	2.817.827.560 lei
Regulated market on which the issued securities are traded	Bucharest Stock Exchange (www.bvb.ro), Premium category
Main features of the issued securities:	281.782.756 shares with a nominal value of 10 lei/share, dematerialized, nominative, ordinary, indivisible, with equal voting rights, freely transactionable on Bucharest Stock Exchange under SNN symbol starting 04.10.2013
Applicable Accounting Standards:	International Financial Reporting Standards (IFRS) adopted by the European Union (EU)-IFRS-EU, audited financial statements



Message of the Board of Directors

On a European level, there is an increased interest in initiating new nuclear projects in view of the new European policies that support carbon-free technologies and encourage member states to choose the optimal energy mix in order to ensure energy independence.

The national energy strategy, harmonized with European de-carbonizing and technological neutrality targets, considers further development of nuclear projects in Romania a matter of importance, in the favorable view of domestically produced supply of input resources and the existence of infrastructure and highly specialized human resources.

Nuclearelectrica, the sole producer of nuclear energy in Romania, following the changes implemented throughout 2013 and the Bucharest Stock Exchange Market listing, is currently undergoing a new phase of development and consolidation, opening and market and economic performance orientation, in addition to the technical performance that it is renowned for on national and international level, undertakes the long term responsibility of contributing to the safety of the energy system and of gaining an advantageous position on the capital market.

For 2014, the Board of Directors of Nuclearelectrica set out to achieve the strategically established goals comprised by the Administration Plan for 2013 – 2017, consolidating the company's position on the capital market as having a consistent approach and being a trustworthy partner, carrying on the implementation of integrated management to internally consolidate the company and dynamise internal processes. Strategically, all actions regarding these objectives aim to ensure a constant growth of the company and to correct, through active involvement in the market, a series of external factors that could potentially lead to process delays.

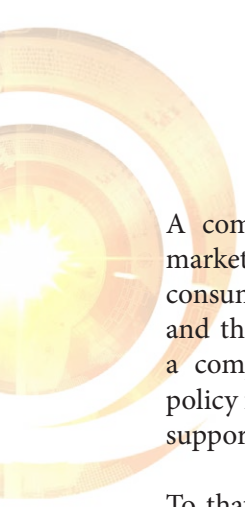
Regarding nuclear security, production output and the investment plan, the company achieved its established

goals: operating the power plant at maximum nuclear security standards sustained by the capacity factor of the two units at the end of 2014, which globally places it among the most performant power plants, a steady and constant energy production and carrying on of the investments initiated in 2013, most of which aim to constantly improve the level of nuclear safety in compliance with the international best practices.

An outlook of financial growth, in view of a volatile energy market with significant impact on sales revenue, represented a constant preoccupation and a challenge throughout 2014. After a careful analysis of market opportunities, the Board of Directors considered diversifying the investment portfolio the optimal solution, as a measure meant to counter the volatility of the energy market, as well as a strategic reorientation towards connected fields, in synergy with SNN's main scope. Nuclearelectrica has undertaken a growth strategy and shall continue exploring and identifying complementary projects to its field of activity, in order to diminish the energy market risk through the economic and financial impact of diversification, as a solution for growth and development.

The financial results of financial year 2014 are directly influenced by the condition of the energy market (significant decrease of prices and consumption), but the adjustment of the sales strategy in this context in order to try to conclude more advantageous contracts, led to an increase of the achieved net profit by 35%, compared with the initial estimation.

The members of the Board of Directors are constantly focusing their efforts towards identifying strategies of growth and / or countering systemic effects, developing long term investment projects meant to allow the company to operate at the highest security standards in the industry, as an implicit measure of ensuring economic and financial security, system stability and an accessible consumer price. Long term investments, made in accordance with the real streamlining necessities of the energy system, are the only ones able to correct dysfunctionalities in the energy market. Corroborated with the new European strategies and policies with direct impact on energy sources by focusing on environmental issues and neutral technologies, Nuclearelectrica is one of the few companies able to provide energy and environmental solutions with reduced impact on the system and consumers.



A competitive, stable and perfectly functional energy market, demands a balanced approach on a legal and consumer impact level. Identifying the real necessities and the means of meeting these on the long term, with a comprehensive analysis of the systemic and energy policy factors, require the correlation of all sources able to support the energy system.

To that effect, by relating to the energy market of 2025, Nuclearelectrica actively involves in the carrying on of Units 3 and 4 Project, a strategic project for Romania's energy safety and financially efficient.

2015 will not imply a significant market transformation, thus we consider that exploring new market stabilization opportunities shall be a priority for Nuclearelectrica. Risk management is also a major preoccupation in order to allow a constant evolution of the company.

Alexandru Sandulescu

President of the Board of Directors



CEO's Statement

The year 2014 represented the continuation of the efforts initiated in 2013 regarding the implementation of the integrated management, the modernization of internal structures and of the processes related to corporate governance principles, in order to improve the company's activity which resulted in a current solid company, adapted to the capital market requirements.

Also, according to the goals undertaken by the management plan, the efforts have been directed to maintaining the results of operation, of the conditions and of the level of nuclear safety with emphasis on personnel, population and environment protection, maintaining the electricity production capacity above the current average level in the industry, a strategic upward approach of the major investments and of the related social and system benefits and, equally, reaching better financial results than budgeted for 2014 through strategic adaptation to the difficult context of the electricity market.

Given the domestic need for long-term investments in conjunction with the standards of the European energy policy and strategy for 2030, according to the Strategy to continue the Project of Cernavoda NPP Units 3 and 4 launched in 2014, SN Nuclearelectrica SA resumed the process of development of Units 3 and 4 by launching the procedure for the selection of investors and the selection of an investor in order to structure the financing of the mentioned project. The selection procedure is expected to be completed in 2015 after going through all the stages involved.

In terms of operating results and of achieving the production foreseen, in 2014, the Unit 1 generated 5.624.363 MWh (Unit 1 entered the planned shutdown program, in 2014) at a capacity factor of 91.14% and Unit 2 an amount of 6.051.210 MWh for a capacity factor of 98.50%. According to statistics reached and published by "Nuclear Engineering International" in May 2014 based on the capacity factor at commissioning, by the end of 2013, Unit 2 ranks 5, with a capacity factor of 92.5% and Unit

1 ranks 16, with a capacity factor of 89.1%, out of a total number of 400 nuclear units belonging to a total of 176 nuclear plants in 29 countries. With an average capacity factor of 90.8% from commissioning, Romania ranks first in the world, according to the same statistics.

In 2014, Nuclearelectrica sold a quantity of 10,875,804 MWh of electricity, of which 3.742.440 MWh on the regulated market (35%) and 7,133,364 MWh (65%) on the competitive market. Nuclearelectrica has a constant annual production of about 11 TWh, a production fully used by the energy market in Romania.

In terms of the impact on the market, 2014 was a challenge for Nuclearelectrica. Given the significant decrease in energy prices on the competitive market, the causes being complex and concerning the system, the company has adapted its sales strategy according to the new market context achieving a net profit of 133,226 thousand lei, 35% more than budgeted (as per the revised budget), since that revenues got from energy sales were significantly lower than those in 2013.

For 2015, the challenge related to the context of the energy market will continue, plus the tax impact, although less than in the year 2014. The company will continue to adapt its commercial strategy in order to increase the income and to reach predictability even under the conditions of a legal market framework modified and recently implemented.

The major effort will be directed to reducing the impact of the external factors and supporting the implementation of legislative and market changes by granting producers the opportunity to capitalize their production in a functional, competitive and stable market, to the benefit of the company, investors and other stakeholders.

Daniela Lulache

General Manager






5. Activity analysis

5.1. Presentation of the company

5.1.1. Main activity of the company



Almost 20% of the internal energy production in Romania is ensured by SNN

S.N. Nuclearelectrica S.A. (“SNN” or “the Company”) is a national company having as main activity the production of electricity (CAEN code 3511) and it represents the sole nuclear energy producer in Romania. SNN also produces nuclear fuel, in the shape CANDU type nuclear fuel bundles used for the operation of its own nuclear reactors.

SNN has its headquarters in Bucharest, 65 Polona street, District 1 and two subsidiaries without legal entity:

- Cernavoda NPP Subsidiary, located in Cernavoda, 2 Medgidiei street, registered at the Trade Registry under the number J13/3442/11.10.2007, ensures the operation of the two nuclear units, based on CANDU type technology. The two units have an installed capacity of aprox. 700 MW each (706,5 MWe Unit 1; respectively, 704,8 MWe Unit 2), as well as the administration of all SNN assets in Cernavoda (except for Units 1 and 2 in operation, Units 3 and 4 in different construction stages, Unit 5 the destination of which was recently changed, as well as the district heating system);
- FCN (Nuclear fuel Plant) Pitesti Subsidiary, located in Mioveni, 1 Campului street, registered at the Trade Registry under the number J03/457/24.08.1998, which produces the CANDU type nuclear fuel bundles for Cernavoda NPP units 1 and 2. Unit 1 was commissioned in 1996 and Unit 2 in 2007. The two reactors alone ensure almost 20% of the internal energy production of Romania. The reactors equipping the two units are CANDU 6 type, design developed in Canada, by Atomic Energy of Canada Ltd. This type of reactors are cooled and moderated with heavy water and use national uranium as fuel. The initial sitting envisages the construction of 5 CANDU type nuclear units.

The Government’s strategy provides that the construction of Cernavoda NPP units 3 and 4 will be completed by EnergoNuclear. Currently, a new strategy for the continuation of the Project Units 3 and 4 is approved by the Extraordinary General Meeting of Shareholders as of August 22, 2014. Unit 5 is currently completely depreciated, due to the fact that there is no plan for its construction; in March 2014, the shareholders of the Company approved the use of Unit 5 for operating activities of Units 1 and 2.

Units 1 and 2 use, on an annual basis, approximately 11.000 nuclear fuel bundles, each containing 19 kg of uranium. In order to produce the necessary fuel, FCN Pitesti operates at maximum capacity. In 2014, FCN Pitesti manufactured and delivered to Cernavoda NPP 10.800 nuclear fuel bundles, in compliance with the manufacturing and delivery plan.

SNN represents a stability factor for the energy market in Romania, both through the base load electricity production and the competitive production cost. Although, it is not supported or promoted through compensation schemes, an important part of the energy delivered by Nuclearelectrica was included in the regulated “energy basket” established by the Regulatory Authority for Energy (“ANRE”) for 2013 and 2014.

5.1.2. Mission, vision, values, objectives

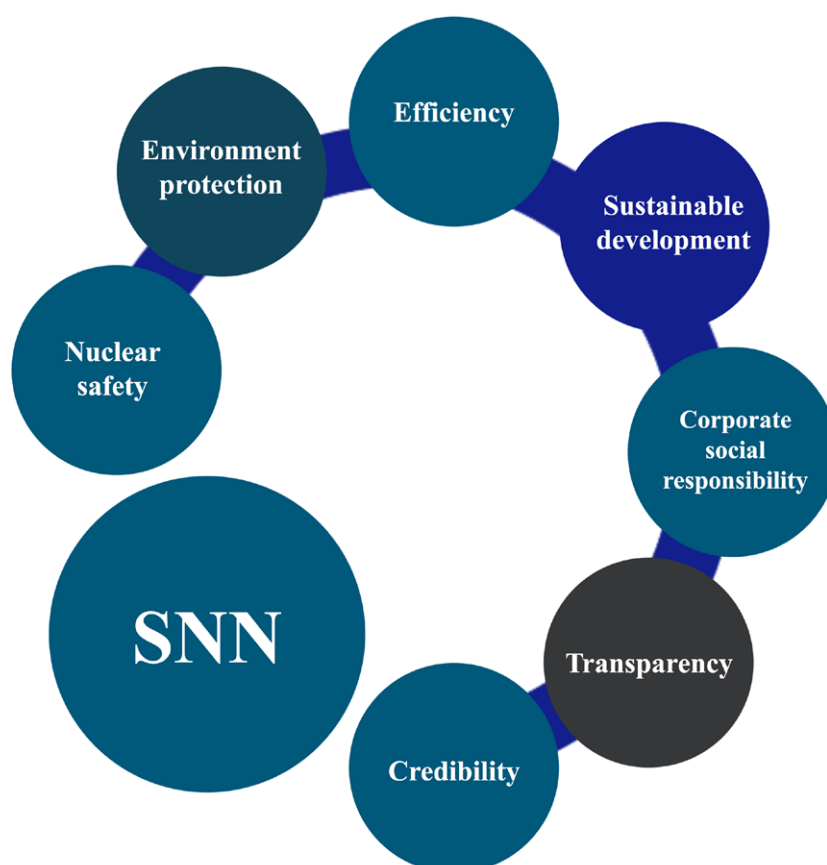
Mission

The mission of SNN is to produce electric and thermal power through the nuclear process, to develop the nuclear energy sector as well as to manufacture nuclear fuel, under conditions of maximum nuclear safety, economic efficiency, care for people and environment.

Vision

The vision of the company consists in its recognition as a valuable contributor to the ensuring of Romania’s energy independence and to the covering of the energy demand, and as a consequence, its recognition as an economical stability factor

Values



5.1.5. Significant mergers or reorganizations of the company

During the 2014 financial year, no significant mergers or reorganization of SNN or its controlled companies occurred. The company is not part of a group of companies, except the group of companies generically under the common control of the Romanian State through different entities. SNN directly controls Energonuclear SA ("EN") subsidiary, 100% ownership as at 31.12.2014.

5.1.6. Acquisitions and/or transfer of assets

During the 2014 financial year, no acquisitions of assets occurred, except those necessary to unfolding and developing SNN's activity, reflected in the investment plan and the budget specifically approved. The total expenses for investments were in value of million Lei 184,83 million in 2014.

Also, no transfer of assets occurred, except those that became obsolete as stipulated by law and the program to sell Cernavoda NPP employees' service apartments with payment in installments. The total revenue from the transfer of assets was in amount of Lei 235 thousand in 2014.

Objectives

- The operation of its nuclear units under safety conditions for its staff, population, environment and production assets
- Maintaining its energy production capacity above the average level of the industry
- The accomplishment of major investment objectives
- The improvement of the financial indicators of the Company

5.1.3. Date of establishment

SNN was established on 27.07.1998 through Government Decision no. 365/1998, following the reorganization of the Romanian energy system. Before the reorganization, the nuclear power plant was part of RENEL, national vertically integrated company that was divided in different national companies owned by the state. The Company operates under the Romanian legislation and the Articles of Incorporation.

5.1.4. Shareholding structure

The shareholding structure at 31.12.2014 is as follows:

Shareholder	Number of shareholders	Number of shares	% ownership of the share capital
Ministry of Energy, Small and Medium sized Enterprises and Business Environment	1	229.006.139	81.27%
Fondul Proprietatea SA	1	27.408.381	9,72%
Other legal entities (ownerships under 1%), out of which:	189	13.757.422	4,87%
- from Romania	160	6.695.451	2,37%
- from abroad	29	7.061.971	2,50%
Individual persons (ownership under 1%)	3872	11.610.814	4,12%
Total	4.063	281.782.756	100%

5.2. Elements of general assessment

The main financial indicators (based on the individual financial statements) and non-financial indicators are presented below:

Financial Indicators	2014	2013	% 2014 vs. 2013
1	2	3	4
Net profit	133.065	423.391	31%
Gross operating profit	175.209	461.096	38%
Turnover	1.796.119	1.933.076	93%
Operating expenses	1.639.043	1.597.926	103%
EBITDA (operating profit + amortization)	601.082	894.097	67%
Gross dividend/share (lei/share)	0,30	1,210	25%
Liquidity (cash and cash equivalents plus bank deposits)	1.183.741	1.443.806	82%
% market share*)	18,03%	19,81%	91%

Indicator/ Ratio	Calculation formula	m.u.	2014	2013
Profit indicators				
a) EBITDA to total sales	EBITDA/Cifra de afaceri	%	33,5%	46,3%
b) EBITDA return on equity ratio	EBITDA/Capitaluri proprii	%	8,0%	11,6%
c) Gross profit ratio	Profit brut/Cifra de afaceri		8,6%	26,8%
d) Return on equity	Profit net/Capitaluri proprii	%	1,8%	5,5%
e) Return on assets	Profit net/Total active	%	1,3%	3,6%
Liquidity and solvability indicators				
a) Current liquidity ratio	Active circulante/ Datorii pe termen scurt	x	3,85	1,80
b) Quick liquidity ratio	Active circulante-Stocuri/ Datorii pe termen scurt	x	3,01	1,59
c) Patrimonial solvency	Capital propriu/Total datorii	x	3,15	1,92
Risk indicators				
a) Indebtness	Capital imprumutat/ Capitaluri proprii	x	0,23	0,25
b) Interest coverage ratio	EBIT/Interest expenses	x	7,03	15,62
Activity indicators				
a) The rotation speed of debits-clients	Adjusted average balance clients VAT x 365/ Turnover	zile	25	21
b) The rotation speed of credits -suppliers	Adjusted average balance sup- pliers VAT x 365/ Turnover	days	32	32

Indicator	2014	2013	% 2014 vs. 2013
Gross production [GWh]	11.676	11.618	100,5%
Net production [GWh] – delivered in NES	10.754	10.696	100,5%
Average capacity factor (%) – Unit 1	91,14*)	99,4	91,7%
Average capacity factor (%) – Unit 2	98,5	89,15*)	110,5%
Average personnel number	2.084	2.106	99,0%

*) Planned outage year

The main results of the Company's activities are presented below:

No.	Indicator (thousand lei)	Executed 2014	Budget 2014*)	Executed 2013	% 2014 vs. 2013	
0	1	2	3	4	col. 5=2/3	col. 6=2/4
1	Operating revenues	1.814.253	1.816.253	2.059.022	99,9%	88,1%
2	Operating expenses	(1.639.043)	(1.713.165)	(1.597.926)	95,7%	102,6%
3	Operating profit	175.209	103.088	461.096	170,0%	38,0%
4	Financial expenses	(117.836)	(74.464)	(172.420)	158,2%	68,3%
5	Financial revenues	96.954	95.647	229.014	101,4%	42,3%
6	Net financial expenses	(20.882)	21.183	56.594		
7	Profit before income tax	154.327	124.271	517.690	124,2%	29,8%
8	Net income tax expense	(21.262)	(25.273)	(94.299)	84,1%	22,5%
9	Profit for the year	133.065	98.998	423.391	134,4%	31,4%

*) 2014 Budget, rectified, approved by SNN BoD Decision no. 129/15 .09.2014

5.3. Production and sales activity

5.3.1. Thermal and electric power production

SNN is an electric and thermal power energy producer, the main activity being that of electricity producer. Thermal power sales revenues represent an insignificant portion in the total operating revenues. As well, SNN is a CANDU type fuel bundle producer, which are entirely used for the operation of Units 1 and 2.

The power capacity of Cernavoda NPP units was, as up to the present, relatively constant, being lightly influenced by the meteo and hydrological conditions (the Danube cooling water temperature, the level of the intake tank, air temperature, etc.) and, occasionally, by the unplanned outages.

The annual energy quantity that SNN can produce through its two Cernavoda NPP units is approximately 10,7 TWh (net), given the fact that the units are operated at a high capacity factor. The energy produced by SNN has had a market share of approximately 20% within the total energy produced in Romania.

The energy production for the last two years is presented below:

The planned and unplanned outages for each unit are presented in the figure below:

Event	No. outage days	
	2014	2013
Planned outage U1	29,66	-
Planned outage U2	2,05	24,0
Subtotal planned outages	31,71	24,0
Unplanned outage U1	0,65	3,29
Unplanned outage U2	0,92	11,56
Subtotal unplanned outages	1,57	14,85
TOTAL	33,28	38,85

The number of hours of unplanned outages was within the number estimated according to the 2014 production plan.

Output	2014			2013		
	Unit 1	Unit 2	Total	Unit 1	Unit 2	Total
Gross production (GWh)	5.624	6.051	11.675	6.121	5.497	11.618
Net production (GWh)	5.165	5.589	10.754	5.622	5.074	10.696
Capacity factor (%)	91,14	98,50	94,44	99,4	89,15	94,28

5.3.2. The main markets for each product and the distribution methods

SNN operates only on the Romanian market, being the only nuclear power producer in the country.

The electricity was sold based on production license, as follows:

- On the regulated market through contracts concluded with last resort suppliers with a view to supply energy for their consumers at regulated tariffs;
- On the competitive market through sale-purchase contracts on the markets administrated by OPCOM, mainly on CMBC (centralized market for bilateral contracts), and on the DAM (Day-Ahead market);
- On the Balancing market administered by Transelectrica, in case of positive unbalance;
- Through negotiated sale-purchase contracts. Nuclearelectrica has only one such contract concluded with Transelectrica in the quality of captive consumer for the consumption of the Cernavoda 400 kV station, which is owned by Transelectrica (approximately 1.000 MWh/year).

The thermal energy produced and sold both in 2014 and 2013 by SNN, through Cernavoda NPP, was delivered to the local supplier of thermal power and to several end consumers in Cernavoda and Cernavoda site area. In Cernavoda, SNN is the only producer that delivers thermal power in the centralized heating system.

Contracts of energy sales include:

- (i) regulated contracts concluded on the regulated market with the last resort suppliers with a view to supply power to their consumers at regulated tariffs;
- (ii) sale-purchase contracts on the competitive market, through contracts concluded on the markets administered by the market operator OPCOM, mainly CMBC (centralized market for bilateral contracts) and DAM (the day-ahead market);
- (iii) sale-purchase contracts for thermal energy. The thermal power produced and sold in 2014 by SNN, through Cernavoda NPP, was delivered to the local

thermal power supplier and to several end consumers in the Cernavoda and Cernavoda NPP site areas. In the Cernavoda area, SNN is the only producer that delivers thermal power in the centralized heating system. The thermal power sales are insignificant in the total sales.

(iv) negotiated sale-purchase electricity contracts. SNN has concluded only one such contract with Transelectrica in quality of captive consumer for the consumption of the Cernavoda 400 kV station, which is

Contracts on the regulated market

During its production activity, the Company has concluded sale-purchase contracts with suppliers established by ANRE with a view to supply their captive consumers with the energy quantities established in compliance with the regulations issued by ANRE.

The terms of the above mentioned contracts were established in compliance with the provisions of the sale-purchase framework agreement concluded between the energy producers and the suppliers of the captive consumers, approved by ANRE Order no. 22/2005.

Compared to 2013, when the Company concluded contracts with the distribution operators as well, with a view to cover its own technological consumption in the distribution grid operated by the latter, by buying energy quantities established as per ANRE specific regulations, SNN no longer concluded such contracts in 2014.

The Company has the obligation to apply to the regulated contracts specific to the energy market these are concluded on, the regulated prices approved by ANRE periodically. The regulated market represents a specific category of sales because the buyers and contracted quantities are annually established by ANRE, as well as the selling price. Also, the contract clauses are strictly established by the framework agreement for the regulated market, elaborated by ANRE. The regulated contracts were concluded in 2010 for a three-year period and starting 2013 have been annually extended by Addendums, with the last resort suppliers (former or current branches of Electrica SA, including the privatized ones), in order to supply consumers under the regulated regime.

In 2014 the energy quantity sold on regulated contracts represented approximately 35% of the total sales, SNN

reducing its dependency on the regulated contracts compared to 2013 when this percentage was 48%. The sales revenues on the regulated market in 2014 represented approximately 33% in the total revenues, while in 2013 these represented 42%.

The evolution of quantities sold on the regulated market is presented below:

Indicator	2014	2013	2012
Energy sold by SNN (GWh)	10.876	11.013	10.831
Production share sold on the regulated market	34,4%	48%	69%
Energy sold on the regulated market (at national level) (GWh)	9.000	15.338	23.077
SNN share in total regulated market	42%	35%	32%

Sale contracts on the competitive market (bilateral contracts on the CMBC market administered by OPCOM)

The bilateral contracts are concluded as a result of bidding organized on the OPCOM platform, in conditions of transparency. The markets on which bids were unfolded for bilateral contracts in which SNN took part in 2014 are CMBC (centralized market for bilateral contracts) and CMBC-CN (centralized market for bilateral contracts with continuous negotiation).

In 2014, SNN concluded on the centralised markets administered by OPCOM a number of 133 selling contracts with 27 buyers (there are cases when the same buyer won several bids). Out of the 27 buyers on the competitive markets, only 12 bought quantities which exceeded for each of them 1% of the total of SNN sales. The first three buyers, ranked by the volume of energy purchased from SNN, purchased a total of 32,5% of the sold energy; the first buyer overtook 14,4% and the second 10,4%. Due to the organisation of the electricity market and knowing the exposure to clients on the competitive market, the Company does not consider that there is a dependency on a client or group of clients.

The average price on the centralised market of bilateral contracts registered significant fluctuations in 2014, from a minimal price of 125,43 lei/MWh in September to a maximum of 195,34 lei/MWh in November, the prices for each month in 2014 being majorly influenced by the weight of renewables in the National Energy System, as well as hydro. To conclude with, the price of energy on the centralised market of bilateral contracts dropped in average with 17.8% compared to 2013.

In 2014, the contract with ArcelorMittal on a 19-month period was unilaterally terminated. The contract was terminated by the buyer at the end of March 2014, after 12 months of unfolding, with the explanation that the contract price and the 2014 March market price could no longer be withheld, given that ArcelorMittal had to pay a range of taxes for the consumed energy-green certificates, cogeneration tax, etc. This was the only case of contract termination in 2014, compared to 2013 when SNN had 23 cases of contract termination.

On March 20th, 2014, SNN conclude a sale contract on CMBC with GEN-I Bucharest-Electricity Trading and Sales S.R.L., having as object the delivery of energy during March 28, 2014-March 31, 2016 of a total volume of energy of 2.293.070 MWh.

Sale-purchase contracts on the competitive market (The Day Ahead Market-DAM administered by OPCOM)

The company can sell energy on the Centralised Market for the Day-Ahead based on the convention concluded on June 16, 2008 with the market operator OPCOM. On DAM, OPCOM acts as central counterparty, being the sole buyer of the energy sold by the Company. The discounts for the transactions on DAM are concluded only with OPCOM and are done in a quick manner (2-3 days from the delivery).

DAM does not represent a primary market to SNN, the quantities sold on this market being relatively reduced. The quantities of energy available for sale and which were not already contracted on the regulated market or bilateral contract market on the platforms administered by OPCOM (CMBC or CMBAC-CN) are transacted on DAM.

The energy sold on DAM by SNN represented approximately 9,5% of the total sales in 2014, with a slight increase compared to 2013 (6,6%).

As well, SNN used DAM in its quality of buyer of the energy quantities necessary throughout the planned outages of the units. The purchased quantities are not significant.

Generally, the prices on DAM have an increased volatility, being massively influenced by the renewable sources. As a consequence of integrating these sources into the National Energy System, increased transactions on DAM were noticed, being preferred by suppliers and traders instead of CMBC.

This change in the structure of the market is also related to the preferences of the buyers for the spot market (DAM), even though this has a degree of uncertainty regarding the available quantities and a higher risk related to price. According to the preliminary data published by OPCOM, the price on DAM was between the average value of 154 lei/MWh for the based load energy and 187 lei/MWh for the energy delivered during peak hours in 2014.

The convention to participate in the green certificates market

The company has the right to participate both on the Centralized Market for Green Certificates and on

Bilateral Contract Market for Green Certificates, based on the Convention concluded on November 22, 2010 and updated on September 12, 2014, on an undetermined period, between the Company, as participant, and OPCOM as market operator the Green Certificates market and Transelectrica, as system and transport operator.

The liability to purchase green certificates depends on the volume of electricity supplied by the Company to the end consumers. Given the fact that the Company has only one supply contract concluded with the end consumers (the contract concluded by the Company with Transelectrica for approximately 1.000 MWh/year), the number of green certificates purchased by the Company is low.

The Balancing market

The company participates to the Balancing market and it is a Responsible Party in Balancing according to the Convention concluded on November 28, 2005 with the system and transport operator, Transelectrica, whose object is to sell and purchase electricity between parties as a result of production/consumption unbalances of the Company which were compensated for by Transelectrica on the Balancing market, as per the applicable legislation.

The Company sells an insignificant quantity of the Balancing market. This is due to technical aspects (unplanned outages) and economic aspects, according to which the Company unfolds its activity and operates. On one hand, the Company produces at a relatively constant capacity factor and with small variations on long-term periods, and on the other hand the majority of contracts is concluded taking into account the technical features of the power plant, selling based-load at constant capacity energy.

5.3.3. The weight of each category in the energy sales revenues and operating revenues

Indicator (thousand lei)	2014		2013		2012	
	thousand lei	%	thousand lei	%	lei	%
Sales revenues, out of which :	1.794.623	98,9%	1.932.503	93,9%	1.652.450	98,1%
Electricity sales revenues	1.683.032	93,8%	1.824.066	94,4%	1.551.163	93,9%
Contribution to cogeneration revenues	-	0,0%	2.026	0,1%	5.622	0,3%
Green certificates sale revenues	270	0,0%	1.447	0,1%	6.533	0,4%
Thermal power sale revenues	2.049	0,1%	1.649	0,1%	1.466	0,1%
Electricity transport revenues	109.273	6,1%	103.316	5,3%	87.666	5,3%
Other operating revenues	19.629	1,1%	126.519	6,1%	32.000	1,9%
TOTAL operating revenues	1.814.253	100%	2.059.022	100%	1.684.450	100%

*)Sales from thermal energy are included: 2.049 lei thousand for the year 2014, 1.649 lei thousand for 2013 and 1.466 lei thousand for 2012.

No new products/new services for which a considerable volume of assets would be necessary are taken into consideration for the next financial year.

5.3.3. The evolution of sales on the internal and/or external market and long and medium-term perspectives

The quantitative and qualitative evolution of sales on the main markets in the last two years:

also maintaining high volumes of energy to be traded on the spot market.

Indicator (lei)	2014		2013	
	GWh	Value	GWh	Value
		(thousand lei)		(thousand lei)
Electricity sales, out of which:	10.875	1.683.032	11.013	1.824.959
Regulated contracts	3.742	561.837	5.308	753.766
Contracts on the free market , out of which	7.133	1.121.195	5.705	1.071.193
- CMBC contracts	6.069	979.909	4.950	973.441
- DAM contracts	1.032	140.399	730	96.859
- Balancing market*)	32	887	25	893

*) Values related to the positive unbalances on the Balancing Market, according to the conventions concluded with the system and transport operator Transelectrica SA.

The quantities of energy sold monthly, based on contracts, varied insignificantly, taking into account the production prognosis. Thus, the sale of certain smaller energy quantities during lower production period related to the planned outage of Unit 1 throughout May 10-June 8, 2014 was registered. During unplanned outages, the energy quantity sold on DAM was affected, the sales on contracts unfolding as per the contract provisions by covering the production deficit for the delivery obligations through energy acquisition from the market.

SNN delivers thermal energy to Cernavoda city, the related revenues being insignificant in total revenues (2,05 million lei in 2014 and, respectively 1,6 million lei in 2013).

Regarding the energy sales perspectives on medium and long-term, we estimate based on data related to more developed European energy markets that the price on the competitive market will be significantly influenced as a result of the massive and fluctuating impact of the renewable resources. Moreover, the influence of this type of energy will maintain the conditions for the prices on DAM to reach very low values in certain periods, while

Regarding the delivery obligations based on regulated contracts, the expectation is for SNN to deliver a lower quantity of energy, as per the liberalization policy applied by ANRE until the end of 2017. There is no certainty on the manner ANRE acknowledges or not certain costs considered justified when establishing the regulated price.

5.3.5. The situation on the competitive market, the weight of products on the market and main competitors

The participants to the Romanian energy market which are certified by ANRE are:

- Energy producers
- Electricity Transport Company, Transelectrica
- Energy distributors
- Energy suppliers

The delivery of electricity was achieved on two market segments in 2014:

- The regulated market;
- The competitive market.

The main energy producers in Romania are Hidroelectrica, Complexul Energetic Oltenia and Nuclearelectrica. The three producers had in 2014 a cumulated market share of 75,34%, according to the data published by Transelectrica.

Until the date of this Report, there is no data published by ANRE regarding the energy market in 2014, on December 31, 2014. According to the statistical centralized data by Transelectrica so far, in 2014, the SNN production represented 18,03% of the total electricity produced in Romania.

The structure of the gross energy production at national level is as follows:

The structure of the energy production	2014		2013	
	GWh	%	GWh	%
Nuclear	11.673	18,03%	11.619	19,81%
Hydro	18.955	29,27%	15.102	25,75%
Coal	18.155	28,04%	17.390	29,65%
Liquid fuel (hydrocarbons)	7.795	12,04%	9.094	15,50%
Wind	6.072	9,38%	4.721	8,05%
Biomass	514	0,79%	319	0,54%
Photovoltaic	1.588	2,45%	413	0,70%
TOTAL	64.752	100%	58.658	100%

Source: Transelectrica data

The estimated gross energy production in Romania increased almost 10% in 2014 compared to 2013 while the estimated consumption remained approximately stable. The net preliminary export-import balance reached a record level, registering an increase of 3.5 times compared to 2013, being also supported by the coupling of the regional market starting November 2014.

According to the Law of energy and natural gas (Law 123/2012), until the end of 2017, the market will be completely liberalized (10% at the end of each semester), the regulated tariffs to be excluded. Thus, according to the calendar proposed for the elimination of the regulated tariffs published by ANRE, starting January 1, 2014 the market is fully liberalized for the industrial consumers, while for the household consumers that market is 40% liberalized. Another anticipated effect in this period will be the gradual decrease in energy quantities to be delivered on the regulated market (if the consumption remains relatively constant).

In 2014, the weight of the energy sold by SNN on the

regulated market, in the total of the energy contracted on this market, was 42% (ANRE Report). Throughout 2014 the gradual liberalization of the energy market continued and ANRE reduced SNN's market share for the regulated market down to 35% of the 2014 production and established a new regulated price.

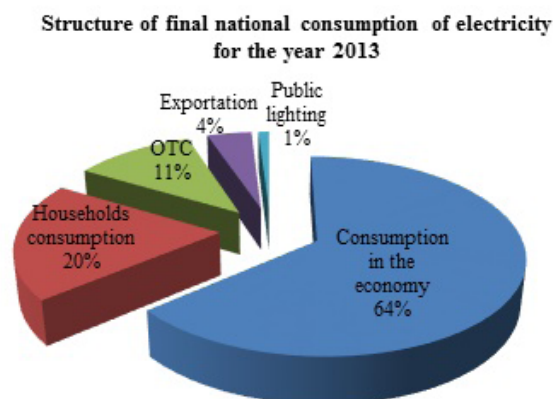
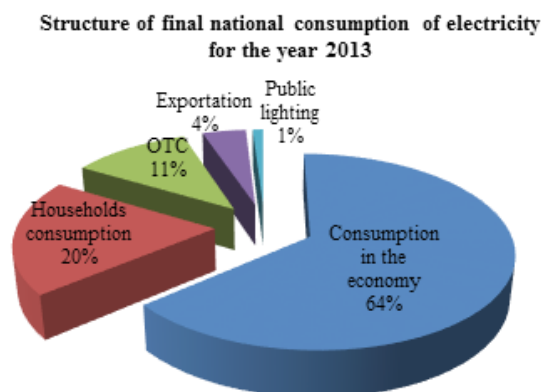
Thus, in 2014, SNN had a supplementary participation on the competitive market compared 2013, which, however, did not ensure a higher profit margin compared to the previous year as the energy price was significantly influenced downwards by the impact of the renewable resources.

Throughout 2014, the quantity of electricity sold by SNN was 10.875 GWh (including the quantity sold on the balancing market), while in 2013 the sold quantity was 10.988 GWh, excluding the balancing market and, respectively, 11.013 GWh, including the balancing market.

SNN sells a small quantity of energy on the balancing market. This is due to technical aspects related to operation (unplanned outages) and economic aspects according to which SNN unfolds its activity. On one hand, the Company operates at a constant capacity factor and with small variations on long-term periods, and on the other hand the majority of contracts are concluded taking into account the technical features of the power plant, selling base-load at constant capacity energy.

Therefore, if in 2013, SNN sales represented nearly 20% of the final energy consumption needs, in 2014, SNN sales represented nearly 22% of the final energy consumption of the national economy, which was 49.246 GWh, 1,9% lower than in 2013.

The structure of the final national consumption of energy in 2014 and, respectively 2013 is the following



Source: The National Institute for Statistics-Press release no. 37/2015 (OTC: own technological consumption)

5.3.6. Dependency on a single client or group of clients

In 2014, the weight of the energy sold by SNN on the regulated market in the total of the energy traded on this market was 42% (ANRE Report). Throughout 2014 the gradual liberalization of market continued, and ANRE lowered SNN share for the regulated market down to 35% of the 2014 production and established a new regulated price.

In 2015, the energy quantity that is to be sold by SNN on regulated contracts is significantly lower than in 2014, namely 21% of the net production, a percentage that is expected to gradually decrease until the end of 2017 when the energy market will be fully liberalized, according to the calendar announced by ANRE.

In 2014, SNN concluded on the markets administered by OPCOM 133 energy sale contracts with 27 buyers (there were situations when the same buyer won several bids). Out of the 27 buyers on the competitive market, only 12 bought energy quantities that exceed for each 1% of the total sales of SNN. The first 3 buyers, based on the volumes of energy purchased from SNN, purchased a total of 32,5% of the sold energy; the first buyer overtook 14,4%, and the second 10,4%. Due to the organization

of the electricity market and considering the exposure to clients on the competitive market, the Company does not consider that there is a dependency on a single client or a group of clients.

Based on the Convention to participate on the Day Ahead Market (DAM), SNN sold in 2014 to OPCOM, which acts as central party on DAM; sales on DAM represented 9,5% of the total volume of energy sold by SNN in 2014. It cannot be concluded that there is a significant dependency on a single client or group of clients, the loss of which would negatively impact revenues.

5.4. The technical-material supply activity

The technical-material supply regarding materials and products necessary to unfolding the activities is achieved by both indigeneous sources and imports. SNN has the supply sources for the unfolding in good conditions of its activity, and the inventories of raw material and materials are accordingly dimensioned to ensure the continuation of operation.

SNN, in its quality of Contracting Authority, defined according to the provisions of Emergency Ordinance no. 34/2006, regarding the awarding of procurement, public workings concession and service concession contracts, with the subsequent amendments, has the obligation to acquire the products, services or workings necessary to unfolding its relevant activity through awarding procedures that unfold according to the provisions of the mentioned normative act, mostly open bid, negotiation with the prior publication of a participation announcement or offer demand.

In this context, throughout 2014, SNN initiated and unfolded 311 awarding procedures with an estimated cumulated value of 1.052.267.574 lei, equivalent of Euro 233.837.239. Out of the procurement procedures, approximately 22,7 % were services related, 75% products related and 2,3% workings related. In total, in 2014, for both headquarters and subsidiaries, 860 contracts were concluded (compared to 959 contracts concluded in 2013) as a result of public procurement procedures as well as orders/direct purchasing and procurement excepted from EO 34/2006.

The most important procedures completed in 2014 grouped on types of contracts are presented below:

Supply contracts concluded by SNN in 2014

The technical-material supply activity is correlated with the products necessary resulted from the assessment of the preventive and corrective maintenance programs or, accordingly, of the investment program for Cernavoda NPP Units 1 and 2, including the common objectives of the two units (the Interim Spent Fuel Repository-DICA). As it concerns the acquisition of spare parts, components and materials and, accordingly, equipments, this is achieved in compliance with the legal provisions applicable to “supply” contracts as defined by ED 34/2006.

A great importance is given to purchasing critical spare parts. The critical spare parts are designed to equipments whose malfunction can lead to a reduction in the redundancy of the nuclear safety systems, to incidents that can threaten the environment, can cause transients in operation or a reduction in power, can cause major malfunction of the important equipments of the power plant. Thus at the end of 2014 the safety inventory of critical spare parts was updated.

In 2014, the Company concluded a series of supply contracts of raw materials, spare parts, components and equipments, among which the most important are:

- Contract no. 434/09.04.2014, concluded with the National Company of Uranium for the acquisition of 660 tons of syntherized powder of uranium dioxide necessary for the manufacturing of the nuclear fuel. The price of the contract is 313.500.000 lei, VAT excluded. Contract duration is 36 months;
- Framework agreement no. 522/30.04.2014, for the acquisition of diesel oil without biodiesel for the Diesel groups of Cernavoda NPP. The maximum estimated value of the contract is 8.907.024 lei for a period of 48 months;
- Contract no. 46/16.01.2014, concluded with Emerson Process Management Romania, for the acquisition of automation components-transducers, regulators, convertors for Cernavoda NPP. The price of the contract is 1.621.920 EUR.

Contracts of services concluded by SNN in 2014

In 2014, the Company has concluded a series of contracts of service among which a significant part have as object the preventive and corrective maintenance of different equipments and systems of Cernavoda NPP.

The Company has two subscriptions with Apele Romane, in quality of sole operator: subscription no. 20418/FSC for 2014 (RUEC 120/2014) having as object: usage of the Danube cooling water for the nuclear of the power plant and subscription no. 82/2011, to which Addendum no. 3 was concluded for 2014 (RUEC 121/ 2014), having as object the take back of used waters. The two effective subscriptions followed entirely the model of the usage/exploitation framework subscription of water resources, approved by Ministry of Environment and Water Management Order no. 798/2005.

The most important contracts of service concluded by SNN in 2014 are:

- Contract no 1025/25.08.2014, concluded with Nuclear Serv, for repairing and maintenance services of the systems, installations and buildings within the safety area of Cernavoda NPP in order to ensure the safety operation of the power plant. The price of the contract is 331.112.048 lei, for a period of 48 months.
- Contract no. 777/20.06.2014, concluded with Siveco Romania, for technical support services for the licenses of the administrative IT system of the Cernavoda NPP nuclear activities together with technical support services for the administration and operation of the system, technical support services for SIVECO Applications and ORACLE licenses and soft reconfiguration on demand for the financial-accounting applications of the SIVECO package Applications employed by SNN Executive and FCN Pitesti. The price of the contract is 14.493.322 EUR, for a period of 48 months;
- Contract no. 278/03.03.2014, concluded with Mate Fin SRL, for preventive and corrective maintenance services for the radioprotective systems and equipments of Cernavoda NPP. The price of the contract is 5.648.900 EUR, for 60 months;
- Contract no. 1488/ 11.12.2014, concluded with General Turbo SA, for services of repairing and maintenance of the NMV 2000 RA type electropumps and the mechanical equipment of the Cooling Water System and Vacuum Condensers of Cernavoda NPP

Units 1 and 2. The price of the contract 19.250.650 lei, for 48 months;

- Framework agreement no. 728/12.06.2014, concluded with AMEC NSS Ltd, for engineering and nuclear safety analysis services for Cernavoda NPP. The maximum estimated value is 2.651.400 EUR, for 48 months.

Contracts of workings concluded by SNN in 2014

In 2014, the Company concluded a series of contracts of workings, among which the most important are:

- Contract no. 1138/25.09.2014, concluded with General Electric International Inc., for replacement workings of the excitement control system of the Electric Generator of Unit 1, Generrex type, with a new generation excitement control system, EX2100e type. The price of the contract is 26.727.142 USD;
- Contract no. 279/03.03.2014, concluded with UTI Grup, for priority 1, stage 2 workings to complete the physical protection system of Cernavoda NPP in order to maintain the functioning of the critical installations included in the vital structures in case of threats beyond the design base. The price of the contract 4.865.000 EUR;
- Contract no. 1513/15.12.2014, concluded with Nuclear Serv, with a value of 6.639.654 lei, having as object construction workings of warehouse halls and auxiliary buildings of the Cernavoda NPP warehouse.

5.5. Human resources activity

The activity unfolded throughout 2014 in the field of human resources has as main objectives:

- The maintenance of personnel stability and the increase of its involvement degree by means of adequate instruments of both financial and non-financial motivation;
- The maintenance of an open and efficient dialogue between the administration and social dialogue partners-the unions.

5.5.1. Number, level of training and the degree of unionization of the labor force

The average number of employees with labor contract is :

Indicator	2014	2013	2012
Average number of employees, out of which	2.084	2.106	2.179
Undetermined duration	2.078	2.099	2.167
Determined duration	6	7	12

Structure of personnel according to the level of training (studies):

Studies	2014	2013	2012
University degree	918	910	938
High school degree	1.174	1.196	1.241
Total	2.092	2.106	2.179

A number of four unions activate within SNN:

- “CNE Cernavoda” Union, representative union, as per Decision no. 60/12 October 2011 of Medgidia Court House; ;
- The Free Union “Energetica Nucleara ’90” Cernavoda (SLEN’90);
- “Fabricatie Combustibil Nuclear” Pitesti Union;
- „Operatorm”Cernavoda Union.

On December 2014, nearly 72% of the employees were union members compared to 2013 when 82% of the employees were union members.

The training programs of Cernavoda NPP personnel were assessed by a WANO (World Association of Nuclear Operators) team of experts who appreciated the training facilities, knowledge and personnel expertise.

The Company remains firmly involved in promoting labor health and safety as a main instrument to maintain the results of the company as one of the nest power plants in the world.

WANO peer review mission dated November 2013 at Cernavoda NPP did not find any “Areas for improvement” regarding labor safety. This is the second

mission (in addition to the 2010 one) resulting in an acknowledgement of the progress the organization made in this area. This result is all the more important as the team of evaluators did not limit its assessment to only the evolution of the performance indicators, but it sought to comprehend to what extent the results are effectively supported by processes and behavior. The WANO team concluded that labor safety is solidly based on:

- The commitment of the management to promote safe working practices simultaneously manifested during operative meetings and on site;
- Oversight strengthening through field observation expansion of activity unfolding;
- Maintenance of control over the configuration of the working environment through encouraging identification of unsafe conditions which refer to equipment and structure nonconformities, but also the need for project improvement;
- Capitalization of internal and external experience by employing the useful information and practices in procedures and training courses.

As a consequence, in 2014, at Cernavoda NPP not a single case of professional illness was registered and only one labor accident occurred.

Within Cernavoda NPP, labor productivity “personnel number/estimated power MWe” was 1,12 man/MWe in 2014.

5.5.2. The Relations between Management and Employees

The rights and obligations of the employees are stipulated in the Collective Work Agreement („CCM”) of SNN SA, in the Individual Work Agreements („CIM”) and in the Internal Rules of the Company.

The employees carry on their activity in accordance with the established working schedule, the job description as well as the Rules for Organization and Operation (“ROF”). The main activities, attributions, responsibilities as well as the relationships between the departments of the company are presented in the rules for the organization and operation of the company. The Internal rules establish the application, beginning with 01.02.2013, of certain legal provisions as well as the normative internal provisions of the company regarding work discipline.

The normative document which governs the work relations within the company is the Labor Code – the Law number 53/2003, with the subsequent modifications and amendments, in the basis of which in 2013 the Collective Work Agreement was negotiated between the Management Board of the company and the employees, represented by the Labor Union Cernavoda NPP – legal entity and the representative union within the company. The Collective Work Agreement was approved by the Labor Ministry on 20.06.2013 and produces effects over 2 years starting with 01.07.2013. At the same time, the new collective work agreement includes the provisions stipulated in other normative documents which governs work relations, for example: the Law number 62/2011 regarding social dialogue, law number 319/2006 regarding occupational health and safety, etc.

The company currently uses a standardized individual work agreement both for the employees hired for a determined period of time and for the employees hired on undetermined term. The standardized individual work agreement respects the provisions of the Order 64/2003, regarding the individual work contract.

The company evaluates its employees on a constant basis in accordance with the internal procedures, annually or periodically, at an interval of 3-6 months in the case of some personnel members who are under observation.

The internal rules of the company, in force since February 1, 2013 contain all the provision categories provided by the Labor Code. The internal rules were made available to the employees on the Intranet page of the company and have full effect on the employees since the date of the publication.

Within the company, in 2014 there were no collective layoffs and no collective work related conflicts. Currently, there are no plans for personnel reduction/restructuring.

5.6. The Activity related to Environmental Protection

Currently, the company owns certifications for the environment protection system, as follows:

a) for Cernavoda NPP branch:

(i) The Environment Authorization number 1/26.05.2008 issued by the Ministry of Environment and Sustainable Development for the operation of Cernavoda NPP Units 1 and 2, valid until 05.01.2019. The Authorization covers all the assets and activities related to the operation of Cernavoda NPP Units 1 and 2, including both the nuclear component of the plant and the classic one. The Environment Authorization number 1/2008 was issued without a compliance program.

(ii) The Authorization regarding the greenhouse gas emissions number 8/01.02.2013, issued by the National Agency for Environment Protection for the period 2013-2020 which states that the Startup Thermal plant, the Backup Diesel Groups and the Emergency Diesel Groups of each unit as well as the motor pump for the fire extinguishing system fall under the legislation regarding the reduction of greenhouse gas.

(iii) Water management authorization number 305 /17.12.2013 issued by the National Water Administration of Romania („Apele Române”) regarding the “Water supply and residual water evacuation for Cernavoda NPP Units 1 and 2”, valid until 31.05.2016, which provides that the company is responsible for installing the necessary automatic monitoring equipments of the parameters of the cooling water evacuated from Units 1 and 2 (temperature, flow). This work was completed in 2014.

(iv) Water management authorization number 267/11.11.2013 issued by the National Water Administration of Romania regarding the Intermediary Burnt Fuel Storage (DICA), valid until 30.11.2016, whereby the National Water Administration of Romania granted the company the right to use the hidrotechnical facilities and the tanks for the evacuation of rainwater from the surface of DICA and to discharge the rainwater in Cismeiei Valley, under the condition that the indicators regarding the presence of radioactive elements are within the limits established by CNCAN. During 2014, there was no exceeding of the indicators of the water evacuated into Cismeiei Valley.

b) for FCN Pitesti branch

The Environment Agreement issued by the Ministry

of Environment and Forests and approved by the Government's Decision number 1061/2011, valid until February 28th, 2014, issued with a compliance plan.

During 2010-2013, FCN Pitesti carried out an extensive modernization process for the manufacturing of the nuclear fuel for the two units of Cernavoda NPP. In this purpose, the construction of an additional production hall started (Hall 5). The construction of this hall is subject to an action started by the European Commission. The cause number 2011/4188 regarding the failure to comply with the provisions of European Union law related to the evaluation of the effects of certain public projects on the environment is still under development.

No permits related to environmental protection were renewed in 2014.

Certificate pentru sistemul de management de mediu

The Company holds certificates on environmental management system, as follows:

(a) The certificate regarding the Environment Management System number 56/3 owned by SN Nuclearelectrica SA – Cernavoda NPP for the electric and thermal power production activity using nuclear sources as well as for connected activities, as per the provisions of the SR EN ISO 14001:2005 (ISO 14001:2004) standard, issued by IQNet and SRAC on 26.04.2013 and valid until 26.04.2016, on the basis of the Audit report for recertification prepared at 19.04.2013.

(b) The certificate regarding the Environment Management System number 4309 of SN Nuclearelectrica SA – the Nuclear Fuel Plant Pitesti subsidiary for the nuclear fuel manufacturing process, in accordance with the conditions of 33/92 the EN ISO 14001:2004 standard, issued by IQNet and SRAC at 06.11.2013 and valid until 06.11.2016.

The certification of the Management System based on ISO 14001:2005 standard was maintained in 2014, fact demonstrated by the results of the re-certification audit which took place in June 2014 at Cernavoda NPP and in November 2014 at Pitesti NPP, performed by the Romanian Quality Assurance Authority (SRAC).

The impact of the operation of the NPP on the environment is constantly monitored and reported in accordance with the requirements of the operation and environment authorizations. For both branches, the company observed during 2014 the limits for pollutants set in environmental permits.

The positive results recorded in 2014, in environment protection field include:

- Lack of events with impact on the environment, population and staff;
- 100% timely report to the environment authorities;
- Lack of penalties and non conformities from local authorities, external independent auditors, following the control activities performed at Cernavoda NPP.

According to the Investors Agreement, SNN was responsible for obtaining the environmental approval for the investment "Continuation and completion of works at Units 3 and 4 of Cernavoda NPP". The procedure for obtaining the environmental approval was started in 2006 and ended in September 2013 when the environmental approval was issued. According to the specific environmental legislation for nuclear premises, the environmental approval was issued by Government Decision (GD 737/2013).

In 2014 the total volume of solid radioactive waste, for both units, was 626.67 m³. The waste is stored within the protection fence of Cernavoda NPP, inside the Intermediary storage for Solid Radioactive Waste.

In 2014, the total volume of low and intermediary level radioactive waste, for Units 1 and 2, was of 56.08 m³ (except used resins). Cernavoda NPP's policy for managing used fuel is as follows:

- Wet storage in the used fuel pool of the unit for a period of minimum 6 years;
- Dry storage inside the intermediary used fuel storage for a period of 50 years.

The intermediary used fuel storage is located on Cernavoda NPP site, at approximately 700 m from Unit 1, the fuel being transported on internal roads which guarantee the maintenance of an integrated physical safety system.

The deposit is gradually built according to DICA Strategy for Long Term Development. Currently, there are 7

modules MACSTOR 200 type, with 12,000 bundles/module capacity.

In 2014, a number of 5,400 fuel bundles were transferred from Unit 1 and 4,800 bundles from Unit 2.

FCN Pitesti monitors the gaseous radioactive effluents in the atmosphere through the dispersion chimneys as well as the liquid effluents in accordance with the conditions stipulated in the authorizations. As per these conditions, FCN Pitesti may release a volume of maximum 109 m³/year of gaseous radioactive effluents, with 5 µgU/m³ maximum concentration. The volume of gaseous radioactive effluents released in the atmosphere in 2014 represented 71.05% from the authorized volume and had a concentration of uranium representing 7.8% of the maximum allowed concentration.

FCN Pitesti transferred in 2014 a volume of 550 m³ liquid radioactive effluents to the Cleaning Station of the Nuclear Research Institute (SE-ICN) which represented 27.5% of the maximum authorized volume, with an average concentration of 0.22 mgU/L, and representing 24.4% of the upper limit imposed in CNCAN permits (0.9 mgU/L).

A radioactive liquid waste volume of 340 m³, i.e. 42.5% of the limit stipulated in the environmental permit (800 m³/year) was transferred to be treated in the Radioactive Waste Treatment Plant at the Institute for Nuclear Research (STDR-ICN).

6,367.2 kg of non-incinerable and incinerable radioactive solid waste, of which 2,247.1 kg incinerable radioactive solid waste, were transferred for treatment by incineration to STDR-ICN. There has been no transfer of non-incinerable radioactive solid waste to the storage for Final Disposal of Solid Waste with Low Radioactive Activity at CNU, Feldioara.

Permanent maintaining of a high level of nuclear safety in all phases of implementation and operation of nuclear facilities and installations is of vital importance and stands for the first priority for SNN. The high degree of nuclear safety is ensured by the way in which the nuclear facilities and installations are designed, constructed, commissioned and operated.

5.7. Radioprotection Program

The main objective of SNN SA's operational radiation protection program is to maintain professional exposure as low as reasonably achievable in compliance with the ALARA principle. The efficiency of the Cernavoda NPP's policy regarding the ALARA principle is being monitored by determining, controlling and periodically reporting the performance indicators based on internal and external operational experience.

The radioprotection performance indicators show us the efficiency of the radioprotection programs in optimizing the personnel exposure to radiations.

The radioactive effluents and emissions into water and air were kept quite below the authorized limits. The annual average dose received by a member of the critical group, due to the radioactive emissions of Units 1 and 2 was 0.006567 mSv in 2014, while the annual average dose received by a member of the general public from the natural radiation background is of 2.4 mSv. More detailed information on the radiological impact are provided by SNN SA's "Environment Report".

In 2014, the achieved collective dose was 592.3 mSv, the annual average dose for works with recordable doses was 0.59 mSv and the individual maximum dose was of 7.511 mSv. The legal limit for the effective dose for the professionally exposed workers is 20 mSv/year, and the administrative level at Cernavoda NPP is 14 mSv/year. Neither of these limits was exceeded.

At the end of 2014, the internal collective dose was of 160.3 man mSv, representing 27% of the total dose at the level of the power plant.

The Radioprotection Department issues regular reports regarding the evolution of the collective doses and of the ALARA performance indicators, thus raising the involvement of the plant's personnel in the control and optimization process for the professional exposure to ionized radiation. The achievement of these objectives is monitored through the ALARA process and the ALARA committees carry on their activity with excellent results. With an average dose per unit of 296.2 man mSv Cernavoda NPP maintains its position as one of the most performing NPPs in the world.

The main objectives of FCN Pitesti operational radiation protection program is to maintain professional exposure to ionized radiation as low as reasonably achievable, to monitor individual radiation doses and the working environment as per the legislation in force and the requirements from the authorizations owned by CNCAN.

For external exposure to ionized radiation, the entire personnel of FCN Pitesti is monitored using a system of Thermo luminescent Dosimeters (TLD's) measured within the Personnel Radioprotection and Dosimeter Laboratory of FCN Pitesti (LRDP-FCN), which represents a dosimetry authority approved by CNCAN, as per the certificate ODA04/2011, renewed in October 2014 with Certificate FCN ODA04/2014 valid until October 17, 2014 – October 16, 2017.

Starting with January 1, 2013 FCN Pitesti reduced its Administrative Control Limit for the individual effective dose of the professionally exposed personnel from 20 mSv/year to 18 mSv/year. Starting with January 1, 2015 this level will be reduced to 15 mSv/year and a monthly derived limit (1.25 mSv/month) will be introduced. Moreover, CNCAN was notified regarding the decrease of the recording level of LRDP-FCN from 0.17 mSv/TLD to 0.1 mSv/TLD.

Individual and collective protection measures against ionized radiation were taken and efficient periodical trainings were organized in order to strengthen the nuclear safety culture; these lead to the decrease of the total collective dose and of the annual average dose per employee. The total collective dose decreased by 1.45% in 2014 by comparison to 2013, and the annual average dose per employee increased by 0.5%.

In November 2014, the operating personnel involved in handling large amounts of UO₂ sintered pills was individually monitored for crystalline dose, using TLDs especially designed for this type of measurement. The maximum individual dose recorded was 9.6% of the maximum allowed by law.

In 2014, FCN Pitesti manufactured a quantity of 10.800 bundles with natural uranium dioxide that were delivered to Cernavoda NPP for the 2 units in operation, as follows:

- 5,040 fuel bundles produced and delivered to Unit 1;
- 5760 fuel bundles produced and delivered to Unit 2.

The failure rate of the nuclear fuel produced in 2014 was 0% both for Unit 1 and Unit 2. For year 2014 the discharging average combustion degree was about 168 MWh/kg.U for Unit 1 and about 178 MWh/kg.U for unit 2. Thus, the high performance of the nuclear fuel was demonstrated during the operation of the two nuclear reactors.

In 2014, a total of 10,800 nuclear fuel bundles were transferred to Cernavoda NPP. 15 transports were made (720 bundles per transport). FCN Pitesti continued to monitor the personnel and the means of transportation, with the purpose of correlate the doses, and reported the findings to CNCAN, on an annual basis and filled a report after each transport.

5.8. Research and Development Activity

Although the Company is not directly involved in any research and development activities, it is a member of various organizations and associations.



5.9. Operating Authorizations and Licenses

The company carries out its activity through its subsidiaries based on the following main categories of specific authorizations, special licenses and rights:

- a) Site authorization number I/605/30.09.1978, issued by the State Committee for nuclear energy;
- b) Authorizations in the nuclear field issued by CNCAN
- c) Licenses issued by ANRE;
- d) Other authorizations.

(a) Site authorization number I/605/30.09.1978, issued by the State Committee for Nuclear Energy

The site authorization was issued for Cernavoda site for the construction of a CANDU-PHW 4x660 MWe nuclear power plant, made up of 4 nuclear reactors. The authorization was issued on the basis of the Law 61/1974 and the Nuclear Safety Norms for “Nuclear reactors and nuclear power plants” dated in 1975 and provides the main technical characteristics of the nuclear power plant.

(b) Authorizations in the nuclear field issued by CNCAN

As per Article 8 paragraph (1) of the Law number 111/1996, for the development of the activities and/or utilization of the resources that make the object of this law, the operators must obtain specific authorizations issued by CNCAN, by respecting the specific authorization procedure for every type of activity or resource. At the end of year 2013, the following authorizations in the nuclear field were valid:

(i) Authorizations issued by CNCAN in the nuclear field for the Cernavoda NPP Subsidiary:

- Nuclear safety authorization number SNN CNE Cernavoda U1 – 01/2013, for the operation and maintenance of Cernavoda NPP, Unit 1. The authorization was issued for a period of 10 years, starting with 01.05.2013 until 30.04.2023.
- Nuclear safety authorization number SNN CNE Cernavoda U2 – 02/2013, for the operation and maintenance of Cernavoda NPP, Unit 2. The authorization was issued for a period of 7 years, starting with 01.05.2013 until 30.04.2020;
- Nuclear safety authorization for the construction of

modules 6 and 7 of the Intermediary Used Fuel Storage, number SNN DICA 2/2013. The authorization came into force on 14.10.2013. Module 6 was completed and delivered in July 2014;

- Nuclear safety authorization for the operation and maintenance of modules 1,2,3,4 and 5 of the Intermediary Used Fuel Storage, number SNN DICA – 01/2014. The authorization was issued for a period of 5 years, starting with 11.08.2014 until 10.08.2019;
- Authorization for the quality management system for the operation, design, supply, repair and maintenance and use of software products, in the nuclear field. The authorization number SNN CNE Cernavoda – 01/2013 is issued for a period of 2 years, starting with 01.05.2013 until 30.04.2015.

(ii) Authorizations issued by CNCAN in the nuclear field for the FCN Pitesti Subsidiary:

- Authorization for the quality management system in the nuclear field, number 14-038, issued based on article 24 of the Law number 111/1996, for manufacturing activities in the nuclear field, for a period of 2 years, starting with 18.09.2014, until 17.09.2016;
- 9 authorizations for activities in the nuclear field:

- Authorization DN/001/2014 for possession of ionized radiation sources, radiologic devices with ionized radiations, devices generating ionized radiations, nuclear devices for processing and producing nuclear fuel, raw nuclear material, nuclear fuel, radioactive waste, materials with nuclear purpose, equipment and devices provided by GD 916/2002, valid starting from 31.01.2014 until 30.01.2016;
- Authorization DN/002/2014 for the use of sealed ionized radiation sources, radiological installations, equipments and devices, valid starting from 31.01.2014 until 30.01.2016;
- Authorization DN/003/2014 for the manipulation of sealed radiation sources, valid starting with 31.01.2014 until 30.01.2016;
- Authorization DN/004/2014 for the processing of raw nuclear materials, valid starting with 31.01.2014 until 30.01.2016;
- Authorization DN/005/2014 for the production of nuclear fuel valid, starting with 31.01.2014 until 30.01.2016;
- Authorization DN/006/2014 for the temporary storage of nuclear raw material, nuclear fuel and radioactive waste, valid starting with 31.01.2014 until

30.01.2016;

- Authorization DN/007/2014 for the supply of nuclear raw materials, fuels, waste, materials for nuclear purpose and materials with double use, valid starting with 31.01.2014 until 30.01.2016;
 - Authorization TF/01/2014 for the transport of radioactive materials, valid starting with 10.01.2014 until 09.01.2019;
 - Authorization PD/178/2011 for ownership of unpublished information, valid starting with 21.11.2011 until 20.11.2016;
- According to the Certificate of Designation number FCN ODA 04-2011, CNCAN appointed the radioprotection and personnel dosimeter laboratory within FCN Pitesti as Authorized Dosimetry Organization.

(iii) Authorizations in the nuclear field for the main office:

- Authorization for the quality management system for management activities in the nuclear field.

Authorization number SNN EX-01/2013 was issued for a period of 2 years, starting with 01.05.2013 until 30.04.2015;

- Authorization for ownership of heavy water number PD/222/2013 for Units 3 and 4, valid from 18.10.2013 until 17.10.2018.

(iv) CNCAN Authorized Personnel. For Cernavoda NPP Subsidiary, the company holds 13 CNCAN permits for management personnel, 2 CNCAN permits for personnel with specific training positions and 51 permits for operational staff in the control rooms of the two units. For FCN Pitesti Subsidiary, the company holds 20 CNCAN permits for nuclear activities of level 2.

(c) Licenses issued by ANRE

According to the Regulation for the granting of licenses and authorizations in the electric power sector approved by the Government's Decision number 540/2004, the supply of electric power, the production of electric and thermal power in cogeneration are performed on the basis of certain licenses issued by ANRE in this respect. At the date of the current report, the company holds the following licenses issued by ANRE:

a) License number 5/03.12.1999 for the production of electric power granted through ANRE Decision number 80/03.12.1999;

b) License number 244/26.03.2001 for the production of thermal power granted by ANRE through the Decision number 341/26.03.2001;

c) License number 962/21.10.2010 for the supply of electric power granted by ANRE through the Decision number 2597/21.10.2010.

Up to the date of the present report, the company respected – both during the previous years and in 2014 - the provisions and the conditions associated to the above mentioned licenses.

License number 5/03.12.1999 authorizes the company to produce electric power through the operation of the electric power production units. The license came into force on 03.12.1999 and is valid for 25 years. Through the resolution of ANRE number 1683/01.11.2007, the license was modified to increase the installed capacity factor of the company from 706,5 MWe to 1.413 MWe and to approve other conditions associated to the license as well, after the commissioning of Cernavoda NPP Unit 2.

License number 244/26.03.2001 authorizes the company to produce thermal power through the operation of the thermal and electric power units consisting in two heat exchangers with a total thermal power of 40 Gcal/h and 46,51 Mwe. The license came into force on 26.03.2001 and is valid for 25 years. Through the resolution of ANRE number 1684/01.11.2007, the license was modified to approve the existing conditions related to the license. SNN delivers thermal power to the local heat distribution company – Public Utilities SA Cernavoda, as well as to some end consumers in Cernavoda town – businesses, social and cultural institutions.

License number 962/21.10.2010 for the supply of electric power authorizes the company to supply electricity on the energy retail market and come into force on 26.10.2010, being valid for 5 years. The company may request ANRE to extend the validity of the license to the extent of the limitations provided by the Regulation approved by the Government's Decision 540/2004 (i.e. 10 years).

(b) Other authorizations

a) ISCIR regulatory documents;

b) Statements to the National Anti-Drugs Agency

c) Licenses issued by ANCOM. Cernavoda NPP obtained 3 licenses for the use of electrical radio frequencies from the National Communications Regulating Authority (ANCOM)

d) Fire safety authorizations

e) Health authorizations – 6 for Cernavoda NPP and 2 authorizations and one permit for FCN Pitesti

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

5.10. Nuclear Security

SNN developed a nuclear safety policy that was approved by CNCAN, with the purpose of maintaining a high and constant level of nuclear safety in all the phases of the commissioning and operation of nuclear installations. The nuclear safety policy ensures performance warranties for all the significant activities regarding nuclear safety, in all the phases of installation and operation of nuclear facilities. This document confirms the fact that nuclear safety has the maximum priority.

The high level of nuclear safety is ensured by the design, construction and operation of the nuclear installations. The risk generated by the nuclear fuel in the reactors is minim for the population and the environment, due to the facts that:

- The power of the reactor is under control
- The fuel is cooled
- The radiation is contained, all these taking place on a continuous base.

Up to present, no CANDU type NPP recorded events or accidents that pose a threat to the health and security of the population. Despite the fact that these risks are minimized, because the power plant is provided with safety systems designed to prevent and cope with such events, additional measures are taken for the protection of the population and the environment. Among such measures, we mention the emergency preparedness, required by the national law as a pre-requisite for licensing the operation of a nuclear power plant. Within the Cernavoda NPP, the emergency preparedness is verified and improved through quarterly, annual or general drills and exercises (once every three-four years) which are simulating various conditions of a nuclear accident.

After the Fukushima accident, the European Commission and the Nuclear Society European Regulators Group decided that the nuclear safety of each nuclear power plant in Europe has to be revised based on transparent

and extensive risk analysis – the so called “stress tests”. The technical purpose of these tests was conclusive taking into account the risks put forward by the events at Fukushima. The following aspects were taken into focus: triggering events such as earthquakes and floods, the consequences of the loss of the safety features and the sever difficulties in managing nuclear accidents.

Cernavoda NPP together with AEC Canada and ANSALDO Italy issued “The report on the re-evaluation of the nuclear safety margins”. The assessment performed proves that Units 1 and 2 fulfill the nuclear safety requirements established by the project and can withstand severe earthquakes and floods, as well as the total loss of the power supply and cooling water. Moreover, measures and procedures for the management of severe nuclear accidents were identified. Methods to prevent and limit the consequences of severe nuclear accidents that can melt the core were also identified.

In order to preserve the valuable, positive experience and to maintain the present emergency response arrangements with the Public Authorities properly qualified to address emergency response activities, SNN SA is promoting a very good co-operation with the national authorities in charge, while the Cernavoda NPP with local authorities (Cernavoda town and Constanta county). In this context, the Cernavoda NPP has prepared and arranged two important facilities for the town of Cernavoda: the Local Emergency Centre of the Cernavoda Town Hall and the Personnel Decontamination Area within the Cernavoda town hospital.

Decommissioning

As per GD 1080/2007, the Nuclear Agency for Radioactive Waste (“ANDR”) is responsible for collection the contribution paid by SNN for the decommissioning of the two units for their remaining life time. ANDR takes responsibility for the management of the entire decommissioning process at the end of the life time for the two units and for the storage of the resulting waste. During 2008-2013, SNN paid on an annual base the following contributions to ANDR:

- Contributions for the decommissioning of each nuclear reactor in the amount of 0,6 EUR/MWh of produced and delivered electricity;
- Contributions for the final storage of radioactive

waste, in the amount of 1,4 EUR/MWh of produced and delivered electricity.

5.11. Integrated Management System

SN Nuclearelectrica SA has developed and maintains an Overall Quality Management System that complies with the provisions in force of law 111/1996 and with the applicable Quality Management Requirements in the nuclear field issued by the National Commission for Nuclear Activities Control (CNCAN). SNN Management System is authorized by the National Commission for Nuclear Activities Control (CNCAN) to perform management activities in the nuclear field. The authorization was renewed in 2013 (Authorization No. SNN - 01/2013).

The Quality Management System applied by SNN SA, described in the Manual of Quality Management System, identifies the directions of developing and implementing the management system within SNN Executive and its branches: the Cernavoda NPP and the Nuclear Fuel Plant-Pitesti. The development and evaluation of the Management System (MS) is coordinated by the Department for the Development and Evaluation of the Management Systems (DDESM).

The branches Cernavoda NPP and FCN Pitesti have developed and maintain management systems specific to their activities.

Cernavoda NPP subsidiary has developed and implemented an Integrated Management System which complies with the provisions in force of Law 111/1996 and with CNCAN's Management System Requirements, with IAEA's GS-R-3 Standard and with the international standards ISO 14001:2004, OHSAS 18001:2007 and ISO 27001:2005. The Cernavoda NPP's management system is authorized by CNCAN in compliance with the provisions of law 111/1996 for operation, design, supply, repair and maintenance works in the nuclear field as well as the provisions of the Authorization for the quality management system in the nuclear field for operation, design, supply, repair and maintenance, use of software products (Authorization number 01/2013).

The requirements of the ISO 14001:2004 standard (for the Environment Management System) and of OHSAS 18001:2007 standard (for the Occupational

Safety and Health Management System) are included in the documents of the Cernavoda NPP's Integrated Management System, while the compliance with these requirements is recertified by the certification authority – SRAC in 2013. Also, the requirements of the ISO 27001:2008 standard for the Management System of the Security of Information are included in the documents of the Integrated Management System of Cernavoda NPP, the compliance with these requirements being recertified by the certification authority DNC at the end of 2013.

In the year 2014, SRAC and DNV performed surveillance audits that confirmed the requirements of the standards ISO 14001:2004, OHSAS 18001:2007 namely ISO 27001:2008 are accordingly implemented, the certificates being maintained. The above-mentioned issues are sustained by the remarkable results obtained in operating Cernavodă Units 1 and 2 during the year 2014.

FCN Pitesti has developed and implemented an Integrated Management System that complies with the provisions of law 111/1996 and CNCAN's Management Requirements also integrating the requirements of the Canadian standard CAN 3-Z299.2-8. The structure of the Quality Management System is authorized by CNCAN through the Authorization number 12-043 valid since 18.09.2012. The component "Environment Management System" developed in accordance with the requirements of ISO 14001:2004 standards was certified by SRAC in 2013. The component "Occupational Health and Safety Management System" (SMSO) was certified by SRAC in 2013. The component of the Integrated Management System for Health and Occupational Security, developed according to the standard OHSAS 18001:2007, was certified by SRAC in 2013.

In 2014 SRAC performed a surveillance audit that confirmed that FCN Pitesti subsidiary accordingly implemented the requirements of the two standards, the certificates being maintained.

Besides, other components of the Integrated Management System are developed and implemented as well (for example Physical Protection, Radiological Safety, Nuclear warranties, etc.). The development and implementation of the components of FCN Integrated Management System decisively contributed to the nuclear fuel quality proved by a very good combustion degree and zero failure rate.

5.12. Corporate Social Liability

Social responsibility is the management process, part of the business strategy of the Company, whereby SNN wants to contribute to the building of a sustainable and performing Romanian society. SNN essential role that it has in the Romanian energy field is naturally completed by the company's desire to support the real needs of all those who permanently contribute to the smooth running of its activities.

Social responsibility programs, conducted by the company since 1991, aimed at solving real problems in the community where it operates, assure for the community the conditions for development, access to utilities, access to health care and education through the implementation of major projects.

Besides, correlated with the company's values, SNN organized campaigns for social responsibility on environmental issues.

In support of these large programs, made according to the specific needs of the community, SNN annually involves, within the budget for sponsorships initiatives, in supporting nonprofit organizations in fields of interest and social impact such as education and research, humanitarian and cultural fields.

Social responsibility, regardless of the nature of its implementation, is part of the company's vision and strategy and will continue to support both the local community and initiatives that lead to innovation and continuous development, especially those of young people.



5.13. International Relations

SNN pays particular attention to safe operation of nuclear facilities which it operates, to equipment reliability, increased performance in operation, exchange of experience, with direct results on employee performance, involvement in building political support and development programs related to integrated development of the company.

Internationally, the nuclear industry has created specific organizations, based on collaboration, with mutually beneficial results between operators of nuclear power plants in different areas of expertise - from procurement and financial benchmarking to nuclear safety, radiation protection and nuclear waste management. Depending on the specifics of these organizations, they may have a regulatory and control character for its members in order to improve performance (e.g. World Association of Nuclear Operators - WANO) or consultative, participatory and inter-sharing of knowledge character, participation in joint projects as an effective mechanism to reduce research and purchase equipment costs.

SNN is affiliated with a number of organizations both at European and international level in order to benefit from the operational experience available in their participation in decision-making processes that may affect European policy and global alignment of nuclear safety standards imposed by CNCAN, recognition of results, among which we mention:

- World Association of Nuclear Operators (WANO). WANO is the association of all owners of nuclear power plants in the world, founded in 1989. SNN has been a member of Atlanta Regional Center since 1991. In 2011 it became a member of London Coordination Centre. WANO membership guarantees: participation in assessment missions, exchange of experience in operating, technical support, technical and professional development.
- Candu Owners Group (COG). COG is a private international non-profit organization, which includes organizations from Canada (AECL, Ontario Power Generation, NB Power, Bruce Power Generation, Hydro Quebec), Argentina, China, India, Korea, Pakistan and Romania. Within COG, SNN participate to the basic program Information Exchange (IE), Research and

Development Program (R&D), Nuclear and Environment Safety Program (Nuclear Safety & Environmental Affairs - NSEA), Joint Projects Program (Joint Projects- JP) .

- Eurelectric is the European Electricity Industry Association representing the common interests at pan-European level and having as mission the increasing of electric industry competitiveness, representation in public forums and promoting the role of energy production technologies with low CO2 emissions.

- European Nuclear Installations Standards (ENISS). ENISS brings together policy makers and specialists in the nuclear industry, along with representatives from nuclear regulatory bodies to establish together security targets, regulations and security measures that will ultimately become a common set of European safety standards for the nuclear installations.

5.14. Legal Activity/Disputes

The company is involved in litigation in its capacity as a plaintiff in order to recover debts and cancel some administrative documents. At the same time, SNN represented a civil party in a criminal case. The status of the litigation involving the company is presented in Appendix 8 to this Report. On the reference date of 31.12.2014, the company is a party as plaintiff/defendant, in 54 actions in law, 8 disputes being settled in 2014 and 8 disputes being settled by juridical decisions between 01.01.2015 - 10.03.2015. Out of the 54 disputes which were pending on 31.12.2014, 19 trials amount to more than 50.000 lei, one stands for a criminal file and for 34 trials the value has not been determined or their object cannot be assessed in money, as follows:

Civil Disputes

- File no. 52814/3/2011 whereby the Company demands the finding of cancellation and demands that the defendant, SC Eco Energy S.R.L., be obliged to pay the amount of 2,403,397.17 lei representing compensation for the damage caused by the termination of the contract no. 1171/2008, the equivalent of the electric power and legal interest applicable to the previous amounts for the period 22.02.2009 - 30.04.2011 and the finding of the

contract termination. The file is on the cause list of the Bucharest Law Court in retrial after cassation, after the High Court of Cassation and Justice (ICCJ) dismissed the defendant's appeal with respect to the stamp duty. The Bucharest Law Court disjoined the cause in retrial and found the termination of the above mentioned contract. A new file No. 40950/3/2013 was created to oblige the defendant to the amount of 2,403,397.17 lei, file that is pending to be solved according to art. 36 of Law 85/2006 – suspension of the cause because the defendant, at his/her request, is in bankruptcy, the simplified procedure - file no. 7238/120/2012 on the cause list of the Dambovită Law Court. In the case of insolvency file, the court admitted the provisional registration of the company's debt in the final table till the solution of pending litigation.

- File no. 27406/3/2012, before the Bucharest Court of Appeal, whereby the Company claims that the Bucharest Law Court order that the defendant, SC Ind Tinmar S. A., be obliged to pay the amount of 1,655,228.07 lei representing the equivalent value difference of the zone tariff for the transmission service for the electricity injection into the grid, the legal interest and the penalties related to the invoices paid after their due dates, invoices calculated according to the penalty clause in the electricity sale-purchase contract no. 1574/09.12.2009. The first instance partly admitted the demand for suing, obliging the defendant to pay the plaintiff the amount of 1,230,780.39 lei. The company appealed against this solution, and the Bucharest Court of Appeal partly changed the contested sentence, namely it obliged the defendant to pay the plaintiff the amount of 55,546.39 lei delay penalties as well as the amount of 555.47 lei as court costs plus the amounts the defendant was obliged to pay by the first instance, and maintained the other provisions of the contested sentence. SNN appealed the sentence for the amount of 363,211.11 lei.

- File no. 33659/3/2012, before the Bucharest Law Court, whereby the Company claimed that the defendant, the Cernavoda Hall, be obliged to pay the amount of 336,707.37 lei as court costs. The case was transferred to the Medgidia Law Court. In fact, the Court ordered the City Hall Medgidia Cernavoda to pay 50,000 lei to SNN. Against this decision, SNN appealed, and the appeal was rejected. Communication of the decision of the appeal is expected to be appealed.

- File no. 35455/3/2013 before the Bucharest Law

Court, the plaintiff is Transelectrica SA demanding that the Company be obliged to pay some penalties for overdue invoices on the balancing market, invoices amounting to 646,270.87 lei. The action was partly admitted and SNN was obliged to pay 10.44 lei penalties for delay. Transelectrica declared appeal that was admitted and the attacked sentence was partly cancelled; the cause was retransmitted to the same court to be judged.

- File no. 8244/299/2014, before the Court of District 1, Bucharest whereby the Company claims that the Respondent Transelectrica SA be obliged to pay the amount of 40,494.41 lei representing the legal interest for late payment to the Company. The file is pending.

- File no. 47741/299/2014, before the Court of District 1, Bucharest whereby the Company claims that the Respondent MAC 3 SRL be obliged to pay the amount of 6,315 lei representing the penalties for not concluding a contract subsequent according to the frame agreement concluded based on a public procurement procedure. The file is pending.

- File no. 25195/299/2014, before the Court of Bucharest whereby the Company claims that the Respondent Enol Grup SA be obliged to pay the amount of 121,369.03 lei representing the legal interest to the compensation for cancellation of energy sale and purchase contract. The file is pending.

- File no. 26128/299/2014, before the Court of District 1, Bucharest whereby the Company claims that SC Fondul Proprietatea SA be obliged to pay the amount of 47,190.64 lei representing court costs, attorney fees in Electra merger file (62357/3/2010). The court admitted in part the application and ordered SNN to pay 39,962.42 lei. After communication of the decision of the court, SNN will declare appeal.

- File no. 10822/256/2014, before the Court of Medgidia whereby the Company claims the Respondents – Cernavodă City and the Mayor of Cernavodă City – be obliged to pay 6,200 lei representing court costs for file 1313/36/2011. The file is pending.

- File no. 39165/3/2014, before the Court of Bucharest whereby the Company claims the respondent Repower Furnizare Romania S.R.L. be obliged to pay 320,377.75 lei, representing penalties for electricity sale and purchase contracts delay and compensatory interest

for payment delay. The file is pending.

- File no. 10799/4/2014 before the Court of District 4, Bucharest – opposition to enforcement – whereby the Company claimed cancellation of the enforcement started by Chirica Teodor for the amount of 96,055.87 lei. The file is pending.

- File no. 48210/299/2014 before the Court of District 1 Bucharest - opposition to enforcement – whereby the Company claimed cancellation of the enforcement started by Chirica Teodor for the amount of 80,189 lei. The file is pending.

- File no. 4210/256/2014, disjoint from file no. 14951/118/2011 before the Court of Constanta whereby the Company claimed the respondents S.C. Car Construct S.R.L. and S.C. CNE S.A. be obliged to leave in full ownership and possession the 2,587 sm area located in Cernavoda, platform CNE, bordering the reactor no. 5 of the nuclear power plant Cernavoda, county of Constanta. The file is pending.

- File no. 4869/256/2014 before the Court of Constanta whereby the Company claimed S.C. CNE. S.A. evacuates the 597 sm piece of land, which is owned by SNN. On the merits the court granted the request of the Company. The defendant appealed.

- File no. 6812/256/2014 before the Court of Medgidia whereby the Company claimed that Saplacan Dan to be obliged to pay 11,295.18 lei representing utilities and rent for the period January 2013 - April 2014. The file is pending.

- File no. 6813/256/2014 before the Court of Medgidia whereby the Company claimed that Ichim Victor to be obliged to pay 4,268.99 lei representing utilities and rent for the period January 2013 - April 2014. The file is pending.

- File no. 6814/256/2014 before the Court of Medgidia whereby the Company claimed that Purcareata Ionel to be obliged to pay 7,360.81 lei representing utilities and rent for the period January 2013 - February 2014. The file is pending.

- File no. 668/36/2014 (appeal for annulment) before the Appeal Court of Constanta whereby Ichim

Victor claimed the Company to be obliged to conclude the sale and purchase contract for intervention home. The file is pending.

- File no. 22981/280/2013, before the Court of Arges appeal against the civil sentence whereby the claim of SC Construct ECI Company 2000 SRL was denied. Such claim required that the Company be obliged to pay the amount of 3,2073.29 lei representing the costs for the additional materials used for building the hall. The file is pending.

Litigation concerning the judicial reorganization and bankruptcy procedure

- File no. 29322/3/2014 before the Court of Bucharest whereby the Company claimed to be registered at the credit table of debtor S.C. Ennet Grup S.A. with the amount 226,868.81 lei. The file is pending.

- File no. 22456/3/2012, before the Bucharest Law Court, whereby the Company claimed the registration on the table of creditors of the debtor, SC Hydropower S. A., with the amount of 69,936,482.46, lei out of which (i) 22,507,821.02 lei represent penalties as per the penalties clause under the electricity sale-purchase contract no. 144/03.02.2011; (ii) 28,773,061.96 lei as per the civil sentence no. 6037/07.05.2012 delivered by the Bucharest Law Court, (iii) 18,655,479.18 lei representing penalties calculated as per the penalties clause under the electricity sale-purchase contract no. 821/01.10.2007 and (iv) 120.3 lei representing the stamp duty and judicial stamp. The judicial administrator registered Nuclearelectrica on the preliminary table of debts with the amount of 28,773,061.96 lei (unsecured debt), for the remaining of the amount the claim was not accepted. Against these mentions in the preliminary table, the Company filed an appeal, for the admission of the whole debt, which was the object of the file no. 37059/3/2012, registered on the cause list of the Bucharest Law Court. The court dismissed the appeal as unfounded. The company appealed. The appeal was admitted, the court obliging the judicial administrator to register the debt of 69,936,482.46 lei in the preliminary table of debts. The decision is irrevocable. The Company and Hidroelectrica concluded on 17.06.2013 a Convention by which Hidroelectrica undertook to pay to SNN the total amount of 70,093,550.47 lei, in 24 equal monthly installments

starting from July 2013. So far, Hidroelectrica complied with the commitment.

- File no. 3868/118/2012, before the Constanta Law Court, whereby the Company demanded that the debtor, SC PROCONEX Universal S.R.L., be registered on the table of creditors with the amount of 3,727,833.10 lei. The judicial liquidator registered the company in the preliminary table only with the amount of 92,695 lei. Following the appeal irrevocable solution, the debt of 3,524,138.98 lei is registered in the final table. The debtor is under the simplified bankruptcy procedure.

- File no. 873/1259/2008, before the Arges Law Court, whereby the Company demanded the registration on the table of creditors of the debtor, SC Termoficare 2000 S. A., with the sum of 2,713,986.71 lei representing: (i) 1,272,756.33 lei debit left after two partial payments, (ii) 729,108.17 lei penalties as per commercial sentence no. 624/16.01.2008; (iii) 712,036.61 lei penalties calculated until the commencement 31/92 of the insolvency procedure as per Appendix no. 1 of the Convention referring to the participation in the day-ahead market and (iv) 85.6 lei court costs. The judicial administrator of Nuclearelectrica admitted SNN's debt for the amount of 2,001,950.10 lei. The Company filed an appeal against the preliminary table, resolved by sentence no. 685/F/30.06.2009 admitting SNN's demand for the registration on the table of creditors with a total amount of 2,713,896.71 lei. By the decision/closing of 23.10.2012 the court set a new deadline for the sale of goods and debt recovery and ordered the distribution plan display. The debtor, S.C. Termoficare 2000 S. A., appealed against this decision. The case is pending.

- File no. 18770/3/2007, before the Bucharest Court of Appeal, whereby the Company claimed the registration on the table of creditors of the debtor, S.C. Con Dem S. A., with the amount of 2,446,227.08 lei registered in the final table. The defendant is in bankruptcy. The case is pending.

- File no. 2183/115/2010, before the Caras Severin Law Court, whereby the Company claimed the registration on the table of creditors of the debtor, SC CET Energoterm Resita S. A., with the amount of 580,974.21 lei, recorded in the final table. Through the sentence, the court ordered the switch to the bankruptcy simplified procedure, appointing the liquidator. The case

is pending.

- File no. 1867/90/2010, before the Valcea Law Court, whereby the Company claimed the registration on the table of creditors of the debtor, S.C. Total Electric Oltenia S. A., with the amount of 198,602.5 lei representing the value of the delay penalties for the overdue invoice no. 1881695/30.06.2006 issued as per the electricity sale-purchase contract no. 378/2006 and of a total number of 66 invoices related to the provisions under the Convention referring to the participation in the day-ahead market no. 5857/2005. The debt registration was contested by the debtor – the case is pending -file no. 1867/90/2010. The court admitted in the first instance and in principle, the debtor's appeal sending the case back to the Valcea Law Court for retrial. On 10.10.2014 the debt was registered in the final upgraded debts table. On 21.09.2011, the court ordered the application of the bankruptcy general procedure, appointing a liquidator. Currently, the liquidator is selling the goods. The files are pending.

- File no. 7238/120/2012, before the Dambovită Law Court, whereby the Company claimed the registration on the table of creditors of the debtor, SC Eco Energy S.R.L., with the sum of 2,464,059.64 lei. Through the approved sentence, the court registered the company in the preliminary table with the full amount. Against the mentions in the preliminary table, the debtor filed an appeal, and the court dismissed the appeal and ordered the provisional registration of the company's debt in the final table of debts until the dispute resolution. The case is pending.

- According to GEO no. 85/2013 regarding the initiation of RAAN insolvency proceedings, it entered in the insolvency procedure on 09.18.2013 pronounced by the Court of Mehedinti in file 9089/101/2013. The Company was registered in the preliminary table with full value of the receivable amounting to 7,828,405.48 lei. Subsequently, according to the reorganization plan drawn up by the receiver SPC Tudor & Associates SPRL and confirmed by the syndic judge, the Company will receive under the plan of reorganization, as unsecured creditor, the amount of 5,450,135.91 lei. The reorganization plan was confirmed by the syndic judge on 09.03.2015.

Administrative Disputes

- Dosar nr. 3793/2/2013 aflat pe rolul Curtii de apel Bucuresti, prin care reclamanta Greenpeace CEE Romania a solicitat anularea deciziei de emitere a acordului de mediul si anularea acordului de mediu pentru proiectul Unitatilor 3-4, parate fiind Societatea, Ministerul Mediului si Guvernul Romaniei. Pe fond instanta a respins cererea de anulare. Reclamanta a formulat recurs. Recursul se afla spre solutionare la ICCJ.

- Dosar nr. 416/2/2014 aflat pe rolul Curtii de apel Bucuresti, prin care Societatea a solicitat anularea Deciziei ANRE nr. 3609/2013 prin care a fost aprobat tariful reglementat pentru anul 2014. Instanta a respins cererea de chemare in judecata, nu s-a comunicat hotararea pentru a se declara apel.

- Dosar nr. 21040/299/2014 aflat pe rolul Judecatoriei Sector 1 Bucuresti, prin care Societatea a solicitat anularea procesului verbal de contraventie ANRMAP – amenda 30.000 lei. Instanta a respins cererea. Se asteapta comunicarea pentru ca societatea sa demareze calea de atac.

Legal disputes

- File no. 6850/3/2014 before the Bucharest Court contesting the decision to suspend the labor contract by Marius Michael Marcuta. The file is pending.

- File no. 33243/3/2014 before the Bucharest Court contesting the dismissal decision and claiming payment of compensation by Ivascu Tiberius. The file is pending.

- File no. 8308/95/2014 before the Court of Gorj by which Dobrota Dumitru claimed a bonus amounting to 30% of the base salary for the period he was employed as manager of FCN Pitesti branch. The file is pending.

- File no. 3817/118/2014 before the Court of Constanța by which Gabriel Mihalache claimed the equivalent of 12 compensatory wages according to CCM SNN. The court allowed his application. SNN appealed.

- File no. 3677/118/2014 before the Court of Constanța by which 10 employees claimed the classification in the superior working group for the period

1987-1995. The file is pending.

- File no. 4073/118/2014 before the Court of Constanța by which 13 employees claimed special working conditions class for the period starting from 2001 so far, the application claiming the registration in a superior labor category for the period 1987-1995. The file is pending.
- File no. 6854/118/2014 before the Court of Constanța contesting the decision to suspend the labor contract by Gheorghe Cristinel Rosu. The file is pending

Disputes concerning the cancellation of the Company's GMS resolutions

- File no. 11661/3/2014 before the Court of Bucharest whereby the applicant SC Fondul Proprietatea SA claimed the annulment of the Decision of the Extraordinary General Meeting of Shareholders No. 1/03.11.2014 by which inter alia it was approved the SNN participation to the capital increase of Hydro Tarnita SA, the principle agreement on interconnection submarine cable project between Romania and Turkey and SNN participation in the establishment of the project company "HVDCC Romania-Turkey". The Bucharest Court dismissed the claim submitted by Fondul Proprietatea admitting the lack of interest. After the appeal was formulated by Fondul Proprietatea, the Court overturned the call and sent the case back to the same court. The file is in progress.
- File no. 40046/3/2014 before the Court of Bucharest whereby the applicant SC Fondul Proprietatea SA claimed the annulment of the Decision of the Extraordinary General Meeting of Shareholders No. 8/10.06.2014 by which inter alia it was approved the capital increase of SNN by cash contribution. The file is in progress.
- File no. 40510/3/2014, presidential ordinance, before the Court of Bucharest whereby the applicant SC Fondul Proprietatea SA claimed the annulment of the effects of Decision of the Extraordinary General Meeting of Shareholders No. 8/10.06.2014 until the definitive settlement of file 40046/3/2014. The file is in progress.

Criminal Dispute

- File no. 48031/299/2010, before the Bucharest Law Court 1st District. The Company was established as a civil party in this case whose object is the committing of corruption offenses by Ioan Rotaru, Irimie Traian Caesar, Ispas Gheorghe, Prisecariu Tereza, Nemtanu Raducu, Anghelescu Andrei Tudor as a result of failing to comply with the legal provisions referring to public procurement for some contracts award whose payment was made from the loans guaranteed by the state, causing the Company a damage of 12,629,551 lei. The party civilly responsible in this cause is the trading company Tess Conex S.A. Iasi. The trial is in progress.

Disputes finalized during 2014

- File no. 59009/3/2011, before the Court of Appeal in Bucharest whereby the Company claimed that CE Oltenia Craiova be obliged to pay 17,087,881.16 lei representing delay penalties under contract no. 1183/23.12.2008 for the supply of electricity. The trial court granted the application and ordered the defendant to pay the applicant the sum of 17,087,881.16 lei and the sum of 175,585 lei as legal costs, and the Court of Appeal of Bucharest upheld the decision made by the court of first instance. The defendant appealed. The appeal was canceled as unpaid by ICCJ. Based on this enforceable, the defendant was enforced, and the debt was recovered in full. The defendant appealed and since the appeal was not stamped the High Court of Justice annulled the appeal as unpaid, the decision being irrevocable.
- File no. 5120/3/2013, before the Court of Bucharest whereby the Company claims that S.C. Electrica Furnizare S.A. be obliged to pay 1.351.455,56 lei as penalties resulting from the contract between the parties. The trial court granted the application and ordered the defendant to pay the applicant the amount requested and legal costs in the amount of 17,630 lei. The defendant appealed. The appeal was accepted and the court denied the SNN claim as unfounded and admitted the counterclaims. SNN appealed. The appeal was admitted by disposing maintaining the judgment in substance, by which SC Electrica S.A. was obliged to pay the sum of 1,351,455.56 lei SNN.
- File no. 19585/3/2013 before the Court of Bucharest. The Company, as claimant, claimed the

defendant S.C. Ennet Grup SRL be obliged to pay 1.142.898,52 lei unpaid bills and delay penalties. During the trial, the defendant paid 600.000 lei. The Court admitted the Company's claim for the remained value to be paid off plus court costs - 618.924,02 lei. SNN ordered the enforcement of the debtor for the amount of 618.924,02 lei and cashed 392.056 lei. For the rest of 226.868,81 lei it registered at the creditors table within the insolvency file no. 29322/3/2014 pending at the Court of Bucharest.

- File no. 35095/3/2014 before the Court of Bucharest whereby the Company claimed the meaning of Civil Decision no. 3953/2013 be cleared up. The Court denied the claim.

- File no. 6561/2/2012, before the High Court of Cassation and Justice whereby SNN claimed (i) partial cancellation of decision no. 89 dated 02.08.2012 made by the Claims Settlement Commission of the Court of Accounts, by which the appeal no. 6562/04.07.2012 was partially denied; the appeal was formulated against the Decision no. 14 dated 15.06.2012, issued by the Court of Accounts, (ii) partial annulment of Decision no. 14 of 15.06.2012, issued by the Court of Romania to implement measures to exploit the findings of the inspection no. 4739 of 16.05.2012, (iii) partial cancellation of the audit report no. 4739 of 16.05.2012, concluded as a result of action by the Court of Auditors control, the Company performed during 08.01.2012 - 16.05.2012, on "situation, evolution and management of public and private patrimony of the State in SNN". The court dismissed the action brought by the Company, and this appealed. High Court of Cassation and Justice dismissed the appeal of the Company.

- File no. 9583/3/2014 before the Court of Bucharest, intervention claim whereby the applicant SC Fondul Proprietatea SA claimed the annulment of the Decision of the Extraordinary General Meeting of Shareholders No. 1/11.03.2014. The Court denied the claim and it remained definitive by not being appealed.

- File no. 11666/3/2014, presidential ordinance, before the Court of Bucharest whereby the applicant SC Fondul Proprietatea SA claimed the annulment of the effects of Decision of the Extraordinary General Meeting of Shareholders No. 1/11.03.2014 until the definitive settlement of file 11661/3/2014. The court denied the claim both in first instance and as appeal.

- File no. 3663/2/2013 before the Court of Appeal whereby the applicant Greenpeace CEE Romania has requested the suspension of the decision of issuing the environmental permit and suspension of environmental permit for the project of Units 3-4; defendants: the Company, Ministry of Environment, Government of Romania. On the merits the court rejected the request for suspension. The applicant appealed. The appeal was rejected by ICCJ.

Legal decisions ordered in the period 01.01.2015 – 10.03.2015

- File no. 877/256/2013 before the Court of Constanta whereby the Company claimed that Purcareata Ionel be obliged to pay 4.086 lei representing utilities and rent for the period April-December 2012. The claimed was denied. SNN appealed but the appeal was denied. SNN declared appeal for annulment (file 7867/118/2014). On 04.02.2015 the court of Constanta denied SNN claim as unproved.

- File no. 878/256/2013 before the Court of Constanta whereby the Company claimed that Saplacan Dan be obliged to pay 4.784 lei representing utilities and rent for the period April-December 2012. The claimed was denied. SNN appealed but the appeal was denied. SNN declared appeal for annulment (file 7868/118/2014). On 04.02.2015 the court of Constanta denied SNN claim as unproved.

- File no. 10799/4/2014 before the court of district 4 in Bucharest – enforcement contestation – whereby the Company claimed the annulment of enforcement started by Chirica Teodor for the amount of 96.055,87 lei. On 23.02.2015 the court of district 4 rejected the SNN contestation.

- File no. 48210/299/2014 before the court of district 1 in Bucharest – enforcement contestation – whereby the Company claimed the annulment of enforcement started by Chirica Teodor for the amount of 80.189 lei. On 26.02.2015 the court of district 1 rejected the SNN contestation.

- File no. 6850/3/2014 before the court of Bucharest whereby the decision for suspending the labor

contract was contested by Marcuta Marius Mihai. On 04.02.2015, the court of Bucharest rejected the claim of Marcuta Mihai.

- File no. 8184/2/2011 whereby the environment permit issued for FCN Pitesti branch was claimed to be cancelled. Claimant: Greenpeace CEE Romania, defendants: the Company and the Ministry of Environment. The claimant's action was rejected. When appealed, the court decided the cause to be re-judged. The claimant's action was again rejected. On 25.02.2015, the High Court of Cassation and Justice denied the appeal declared by Greenpeace CEE Romania.

- File no. 47741/299/2014, before the court of district 1, Bucharest, whereby the Company claimed the defendant MAC 3 S.R.L. to be obliged to pay 6.315 lei representing penalties for not concluding a subsequent contract according to the frame agreement concluded after a public procurement procedure. On 09.03.2015, the court of district 1 admitted the claim of SNN.

- File no. 7416/2/2014 before the Appeal Court of Bucharest whereby the Company contested the decision for suspending the settlement of CNSC contestation regarding the procurement of SNN fixed telephony services; respondents: S.C. Vodafone Romania and Telekom Romania. The Appeal Court of Bucharest rejected the SNN claim.

5.15. Activity related to Risk Management

The main objectives of SNN on medium and long term are maintaining nuclear safety and increase company performance, risk management becoming an important activity in this context. By the complex nature of the activities undertaken (manufacturing of nuclear fuel, electricity and heat production by operating nuclear units, power sales, procurement, stock activity etc.) the Company is exposed to various risks for which the management take all necessary steps to minimize them at an acceptable level.

SNN manage the risks in accordance with the provisions of Order no. 946/2005 respectively with the requirements of Standard 11 - Management of risks components of this order, and international standards and best practices in risk management (ISO 31000) and nuclear (PL 2013-2 WANO, IAEA-TECDOC-1209) field.

In 2014 the Department for Control and Risk Management was created. It includes the Risk Management Service. Attributions of Risk Management Service comply with the rules of organization and functioning: the definition and implementation processes of identification and risk assessment, coordination of the implementation of an integrated process for management and risk management strategy, risk management consolidated register, administration procedure regarding the risk management. At the level of each entity in the SNN there is a risk management procedure as well as persons responsible and risk monitoring committees, which coordinate these activities in accordance with the needs of the Company. During 2014, together with an external consultant individual risk registers for each branch and SNN consolidated risk register were completed.

By the nature of the activities it carries out, the Company is exposed to various risks, which are presented below. The Company management seeks to reduce potential adverse effects associated with these risks on company performance.

The most important categories of risks identified and the steps taken to manage them are:

a) The Price Risk

Price risk is a market risk.

Electricity sales activities in general will be influenced on medium term by the evolution of electricity prices

and the gradual deregulation of the market. On medium and long term, SNN activity will also be influenced by the evolution of electricity prices, as well as by the investment projects that the Company plans to: extend the life of Unit 1, participating in the development of Units 3 and 4, generating so this financial risk.

The company is still obliged to sell a significant share of their own production on the regulated market. The prices for the regulated market are set by ANRE under its own methodology of a cost plus profit margin regulated; however, not all costs required by the companies to be recognized by ANRE are taken into account in determining the regulated price so regulated market price risk is emphasized. Given the gradual liberalization calendar for the regulated market by the end of 2017, this risk will disappear.

On the other hand, price on the competitive market is influenced by many factors such as the evolution of consumption on the local and regional markets, in conjunction with the alignment of the electricity market for the next day in Romania by observing the mechanism of price coupling of markets in the Czech Republic, Slovenia and Hungary, electricity market structure and competitive capacity of the main manufacturers, the evolution of production from renewable sources and schemes to support its increasing interconnection capacities. The Company is exposed to the price risk on the competitive market. Given the cost structure and the share of fixed costs in total costs can affect profitability while maintaining low prices over a long period, the price risk may become significant and have a major impact on operational performance.

The price risk is manifested in conditions where there is an accentuated decrease of prices on the competitive market, leading to both existing customers and potential customers to focus on short-term contracts end, to massive trading on the spot market or termination before term; this risk is mitigated by the existence of contractual penalties for customers requesting unilateral termination of contract before term.

b) Credit and Counterparty Risk

The counterparty risk represents the risk of the business partners not to act in accordance with the terms and conditions stipulated in the closed contracts. In the

conditions of the current financial crisis, this risk can cause important financial difficulties for the clients, which will reflect in the extension of the debts cash-in periods, or in the worst case scenario, in bankruptcy.

The credit risk is the risk that the Company will incur a financial loss due to non-fulfillment of contractual obligations by a customer or counterparty to a financial instrument. This risk mainly results from trade receivables and financial investments of the Company.

To mitigate these risks, the Company is considering entering the market such as PC-OTC that allow selecting customers based on an analysis of their credit risk, concluding contracts only with creditworthy commercial agents. Currently, the counterparty risk is mitigated by existing contractual clauses such as advance payment of an amount of energy, requiring bank guarantees, so that in case of default one should be able to cease the delivery of electricity to customers not paying on time and to cash the electricity delivered but not paid. Commercial contracts on competitive market generally provide a penalty clause in case of unilateral termination of contracts by customers. The Company monitors its receivables collection on time and take appropriate measures in case of default, including legal action to recover the money. Financial assets, which may subject the Company to credit risk, are mainly trade receivables, cash and cash equivalents and bank deposits. The company has implemented specific policies to limit counterparty risk in relation to financial institutions where has placed its financial instruments (cash, bank deposits) by analyzing their solvency, the rating and establishing some internal counterparty limits representing maximum exposures.

c) Liquidity and Cash-flow Risk

Liquidity risk is the risk that the Company could face difficulties in fulfilling the obligations associated with the financial debts which are settled by cash or transfer of another financial asset.

The company applies a prudent management of the liquidity risk by maintaining a proper proportion of cash an equivalent in cash in current accounts and bank deposits according to maturity terms. The company has resources enough to fulfill its obligations to third parties: banks, suppliers, State, employees, etc.

d) Currency Risk

Currency risk is a market risk. The functional currency of the company is Leu (RON). The currency risk is determined by the current activities of the company since part of these activities involves currency transactions. These transactions include reimbursement of loans contracted for financing Unit 2 (EUR, USD, CAD), technical assistance and contributions for the decommissioning of the two units, investments and acquisitions from external suppliers which are denominated in foreign currency. Revenue and loss due to currency differences, executed and non-executed, are registered in the profit and loss account. Currently, no financial instruments are employed to diminish this risk, but these will be analyzed based on costs and benefits perspective.

e) Interest Rate Risk

Interest rate risk is a market risk. The company's cash flow is affected by the variations of the interest rate mainly due to long term loans. These loans have a variable interest rate determined on the basis of the reference index and fixed interest rate margin. Interest rate risk is also associated with short term investments in financial instruments such as bank deposits, however these are limited to short due dates of up to three months. Currently, no financial instruments to protect against fluctuations of the interest rate are employed.

f) Competition Risk

Another financial risk considered is the competitive risk, risk analyzed in the context of ongoing liberalization of the electricity market. Also, due to the alignment of day-ahead market (DAM) of Romania, in compliance with the coupling mechanism of the market price of the Czech Republic, Slovenia and Hungary, SNN is exposed to increased regional competition generated by future improvements, refurbishment, extensions and new constructions expected to be made by the producers of the national electricity market. Also, since 2014 it was recorded an increase in energy volumes traded and concluded on the spot market (DAM) and PC-OTC (Central Market with continuous double negotiating bilateral contracts for electricity), while reducing transactions on PCCB-LE and CMBC-CN platforms, resulting in increased price volatility and lower income predictability and stability. However, as a specific

characteristic of nuclear energy, the cost of electricity from nuclear sources is estimated to remain less than the cost of production facilities that rely on coal or natural gas, which are very sensitive to fuel price increases and cost of compliance regulations on environmental protection (e.g. carbon dioxide emissions).

The integration of energy markets is a Europe-wide strategic objective assumed by all Member States of the European Union. Given the higher final prices in the region, electricity trading outside Romania will continue to be an opportunity for local players. As a result, the decrease in domestic consumption is expected to be partially offset by exports, given a slight increase in production.

One of the factors that may mitigate these risks is to consider negotiating of long-term contracts with predefined prices and specific commercial terms on liquidation and contractual penalties in order to reduce the volatility of the collection period by providing the necessary cash flow operations and investments.

g) Macroeconomic and Legislative Risks

Even if Romania is a member of the European Union since January 1st, 2007, Romania's economy still has the characteristics of an emerging market, namely a relatively undeveloped financial market and occasionally significant currency fluctuations.

The legislative risk is represented by the changes that can occur in Romania's legislative framework. The possible changes may refer to imposing new taxes by the local/central authorities and/or by the authority that regulates nuclear industry (ANRE) by the secondary legislation, of some new contractual provisions or fiscal modifications. The effect of the legislative risk can be the un-forecast increase in production costs, which could cause a decrease in profit margins. Examples:

- Tax on special construction which, since 2014, has a significant effect on the company's costs;
- Trading fixed price, which is forbidden to be changed by updating the rate component input value for electricity network (TG), according to ANRE Order no. 78/2014 for approving the Regulation on the ways of concluding bilateral electricity contracts by extended tender and continuous negotiation and processing contracts.

h) Operational Risk

Operational risks are associated with the company's

activity, with its capacity to generate income and maintain a competitive operational margin. This risk depends on the company's capacity to ensure the necessary electricity volumes committed to be supplied by contracts on the regulated and free markets, taking into consideration both planned and unplanned outages of Units 1 and 2.

The management of these risks relate to good planning and execution of preventive and corrective maintenance activities to control nuclear risks and for reducing the number of downtime hours. All this is considered and documented in the management system implemented at Cernavoda NPP. The company also plans to access all the trading products available on the OPCOM platform so that they can ensure the delivery of contracted energy at minimal price difference, if downtime.

Another important factor diminishing the operational risk is the ability of the Company to plan the downtime during periods when price of electricity is estimated to decrease.

In addition, prolonged drought and unforeseen technical problems may have a major impact on electricity production as a result of unplanned outages of the company.

i) The company's policy and objectives regarding risk management

The company manages risks within an integrated risk management system in compliance with the stipulations of OMFP no. 946/2005, namely Standard 11 requirements – Management of risks included in this order, as well as with the international standards and good practices related to risks management (ISO 31000) and nuclear (WANO PL 2013-2, IAEA-TECDOC-1209).

At both the level of SNN Executive and its subsidiaries, procedures for the identification, classification and integrated control of planning associated risks, as well as specific procedures to allow control room operators to make decisions based on probabilistic assessment of risks associated with an operation configuration of the plant.

At the level of each entity in the SNN there is a risk management procedure and persons responsible and risk monitoring committees, which coordinate these activities in accordance with the needs of the company. During 2014, together with an external consultant individual

risk registers for each branch and the consolidated risk register for SNN were completed.

j) Risk Insurance

The main insurance policies in force for S.N. Nuclearelectrica S.A. are:

- Insurance policy of property (Cernavoda NPP Units 1 and 2 and FCN Pitesti) for all risk types, mechanical and electrical damage, having a compensation limit (insured amount) of 1.560 million USD.
- Civil liability insurance for nuclear damage to third parties, having a compensation limit of 300 million DST.
- SNN Directors and Administrators liability insurance policy.

5.16. Perspective elements

As it concerns the perspective of energy sales on medium and long term (up to three years) we consider, based on the data related to more developed European energy markets, that the price on the free market will not undergo major changes.

The new electricity market context leads to the necessity to identify new investment opportunities including by diversifying the activity portfolio in activities included in the electricity value chain, for reducing the business risk and assuring a proper efficiency adequate to the own capital.

Continuation and development of Project Units 3 and 4 Cernavoda NPP may create favorable perspectives on long term for SNN, both regarding the recovery of the assets already invested in the project and some additional incomes which may be obtained from services (operation), namely goods supply (supply of nuclear fuel bundles).

5.16.1. Factors that may affect liquidity

Among the factors that may affect the company's liquidity in the future, we mention:

- Energy prices on the competitive market sale
- Prices on the regulated market
- The price of the main raw materials used by the company in the current activity
- Fluctuations in interest rates and the exchange
- The volume of investments to maintain and those to develop
- The level of taxation, including the introduction of new taxes.

There are many internal and external factors that may influence the company's liquidity, but on short and even medium term, the company has a very good liquidity.

5.16.2. Current and anticipated capital costs

Programul de dezvoltare al SNN este structurat pe obiective definite in raport cu nevoile sucursalelor de productie (CNE Cernavoda si FCN Pitesti) de a-si mentine capacitatile de productie a energiei electrice si a combustibilului nuclear la nivelul parametrilor de proiect, cu respectarea cerintelor de securitate nucleara si protejarea personalului propriu de operare, a mediului si a populatiei, astfel incat sa raspunda necesitatii de modernizare/retehnologizare a unor sisteme, din considerente de natura economica (reduceri de consumuri specifice, imbunatatirea unor parametri caracteristici proceselor deservite, cu impact pozitiv asupra eficientei). Totodata programul de dezvoltare urmareste si considerente de natura legala, necesitatea implementarii unor imbunatatiri asociate securitatii nucleare, protectiei mediului si securitatii muncii reprezentand cerinte imperative, venite din partea autoritatilor de reglementare din domeniu.

Investment objectives

The main investment objectives included in the management plan of SNN for the period 2013 – 2017 are:

- The intermediate dry used fuel storage (including SICA U#2), which is part of the company's used fuel management policy. The storage will be developed in several stages and it is to finally include 27 storage modules, according to the feasibility study in force; the first 9 modules are MACSTOR 200 (Modular Air-Cooled Storage) modules with 12.000 bundles per module, the rest of the modules are MACTOR 400 type with 24.000 bundles per module, according to the approval of DICA development strategy that provides using of MACSTOR 400 modules which will provide the 50 year storage of the dry used fuel as MACSTOR 200 module (MACSTOR 400 has a double storage capacity).
- The modernization and extension of the physical protection system, for the facilities located both inside and outside the protected area and the implementation of the works resulted after the assessment regarding the operation of the critical infrastructure within the vital structures in case of beyond project base threats.

- The improvement of Cernavoda NPP's response, namely of the nuclear safety features to events beyond design basis, following the nuclear accident that took place at Fukushima NPP, Japan – implementation of an emergency filtered depressurization system for the containments of Units 1 and 2, implementation of a monitoring and control system of the H₂ concentration in the atmosphere inside the containment of Units 1 and 2 through the installation of a hydrogen monitoring and control system type “HERMETIS” and the installation of passive autocatalytic recombination system type “FR1-380T”, including the set up within the building of Unit 5 of the necessary space and logistics related to emergency activities in case of a severe accident.

The total investments program for 2014 amounted to 96.737 thousand lei. The structure of the investments program for 2014 is presented in the table below:

Item	Organizational structure	Ongoing investment	New investments	Investments made at the tangible assets (upgrades)	Equipments [thousand lei]	Total	Degree of completion on December 31, 2014 (%)
		[thousand lei]	[mii lei]			[thousand lei]	
1	SNN Executiv	43.398	25.225	-	810	69.433	26,20%
2	CNE Cernavoda	150.386	8.357	5.952	44.215	208.911	77,40%
3	FCN Pitesti	2.147	1.951	10.184	4.111	18.393	26,50%
	TOTAL	195.932	35.533	16.136	49.136	296.737	62,30%

The degree of completion at 31.12.2014 of the value of the annual investment plan cumulated since the beginning of the year is of 62,30% (per total).

The total low degree of implementation of the plan value of the investment program in 2014 is explained by the amounts stipulated in the investment program for the Executive SNN, which were not used for objective reasons, namely:

- The amount of 22,071 thousand representing the contribution SNN (100%) to increase the capital of EnergoNuclear SA (EN);
- The amount of 8,900 thousand representing SNN participation in the capital increase of the company Hydro Tarnita SA by incurring a total of 89,000 new shares with a nominal value of 100 lei, according SNN EGM Resolution No. 1/11.03.2014;
- The amount of 8,900 thousand representing SNN participation in the Project Company “HVDCC Romania - Turkey”. by incurring a total of 2,000,000 shares with a nominal value of 1 euro, according SNN EGM Resolution no. 1/03.11.2014;
- The amount of 4,950 thousand for the investment objective “Project security for informatics and communications system” aimed at creating a structure for managing solid hardware and software in conditions of perfect security, integrity, confidentiality and availability of information, ensuring of the efficient operation at high levels of performance and compliance with occupational safety;
- The amount of 2,475 thousand for the investment objective “Implementation of Software Applications” which consists in extending ERP (Enterprise Resource Planning) aiming to facilitate the integration of all information within the organization in a single platform;
- The amount of 2,100 thousand representing strengthening of the building in Magheru 33 (the main office), if the building's owners take a decision on starting the consolidation works.

Besides, the low degree of completion of FCN Pitesti investments program had a major effect on the Company performance level.

The low degree of implementation of the investment program for FCN Pitești branch is explained by the amounts stipulated in the investment program for 2014, which were not used, namely:

1. “Modernization of manufacture line for fuel bundles to optimize production flow and improve the quality of the finished product”
 - There were delays in the procurement procedures for which signature of contracts occurred by the end of 2014 (ex. Positions “Restoring of cars platform and access lanes” and “Handling, weighing and storage containers system with UO2 powder” having a planned value of 1,400 thousand, respectively 1,000,000 lei in 2014);
 - Annulment of the procedures for the acquisition of equipment due to the inconsistency of the value offered in the estimates, thus purchasing of such equipment has been postponed to 2015.
2. The investment objective “Ventilation and air conditioning Hall IV”: non-contracting on time of services for preparing the supporting documents for obtaining the environmental permit from ANPM, permit that conditions the implementation of the investment objective. In December 2014 a contract was signed for preparing the report on the environmental impact and the rest of the necessary documentation (memorandum, adequate evaluation study and assessment study regarding the impact on the population), signing of contracts to be finalized during 2015.
3. “Upgrading of communication infrastructure and data centre arrangement in accordance with standard TIA942-1; implementing of measures to reduce the risk of information security” - procurement procedure was started in November 2014 and is ongoing at the end of 2014.

In terms of major investment objectives (PJ-05-016 Intermediary Used Fuel Storage, including SICA U#2, PJ-04-001 Modernization and expansion of physical protection systems, PJ-11-006 Improving of CNE response, respectively nuclear safety functions in case of events outside the design basis following the nuclear accident occurred at the Fukushima nuclear power plant), the their total value planned in the 2014 revised SNN investment program is 75,881 thousand. The achievement for major investment objectives by the end of 2014 compared to the investment program of the company is 85.8%, according to the table below:

Project code	Project name/Investments objective	2014		Achievement level
		Planned BVC [thousand lei]	Achieved [thousand lei]	%
PJ-05-016	Intermediary used fuel storage (including SICA U2)	30.752	27.520	89,49%
PJ-04-001	Modernization and expansion of physical security system	28.213	24.867	88,14%
PJ-11-006	Improving of CNE Cernavoda response, namely of nuclear security functions in case of events outside the projection bases due to the nuclear accident occurred at the nuclear plant Fukushima 1, Japan	16.916	12.730	75,25%
	Total	75.881	65.117	85,81%

By Decision no. 5/07.31.2014 of the General Meeting of Shareholders of National Company Nuclearelectrica SA, point 3, updating the Annex 1.1. and Annex 1 of the contract concluded between managers and company directors was approved. According to Annex 1.1 the target level of achievement of annual investment value plan cumulated from the beginning of the year is min. 90%, which means an achievement of 95.3% of the target provided.

If we consider the savings made during 2014 (about 4.4 million, or 5.8% of the value allocated for the three projects), savings resulting from exchange rates more favorable than those used in preparing the budget, contracts signed in values lower than the budgeted ones, the effect of reducing CAS with 5 pp (from 20.8% to 15.8%) in October 2014, the degree of achievement of major objectives in relation to the planned value is 91.6%, which means a degree of realization of 101.77% of the target provided.

The works performed within the major investment objectives during 2014 are the following ones:

- Intermediary Used Fuel Storage, including SICA U#2: SICA U2 was completed and commissioned, construction and installation works for modules 6 and 7 DICA were completed, the recipients necessary for storing the used fuel have been provided, the physical protection works for module 6 were completed and the ones for module 7 are in progress.
- Modernization and expansion of physical protection system: access control point at the gate CFR was completed and delivered – building, machinery and equipment construction, priority 1 - Stage1 works were completed and works priority 1 - Step 2 are ongoing, results of the study on maintaining critical plants operation in vital structures in case of threats outside the base project.
- Improvement of CNE Cernavoda response, namely of nuclear security functions in case of event that occur outside the projection bases due to the nuclear accident happened at the nuclear plant of Fukushima: filtered depressurization systems of envelope for Units 1 and 2 CNE Cernavoda were completed and commissioned, level 2 probabilistic study for both CNE units (Probabilistic Safety assessment – level 2) was performed, the contracting of the works for changing the destination of the buildings on U5 location and their use

for the entire life of operational units are delayed.

The investments program in the last three years is as follows:

Investments (thousand lei)	2014	2013	2012
Investment program, of which:	296.737	320.562	344.849
- CNE Cernavoda	208.911	238.971	247.648
- FCN Pitesti	18.393	16.626	27.246
- SNN Executiv	69.433	61.569	69.955
Unfolded value	-	3.397	-
Achievements in investments program	184.828	236.742	286.864

The main investment objectives achieved in 2014 are the following ones:

- The intermediate dry used fuel storage (including SICA U#2), which is part of the company's used fuel management policy. The storage will be developed in several stages and it is to finally include 27 storage modules, according to the feasibility study in force; the first 9 modules are MACSTOR 200 (Modular Air-Cooled Storage) modules with 12.000 bundles per module, the rest of the modules are MACTOR 400 type with 24.000 bundles per module, according to the approval of DICA development strategy that provides using of MACSTOR 400 modules which will provide the 50 year storage of the dry used fuel as MACSTOR 200 module (MACSTOR 400 has a double storage capacity).
- The modernization and extension of the physical protection system, for the facilities located both inside and outside the protected area and the implementation of the works resulted after the assessment regarding the operation of the critical infrastructure within the vital structures in case of beyond project base threats.
- The improvement of Cernavoda NPP's response, namely of the nuclear safety features to events beyond design basis, following the nuclear accident that took place at Fukushima 1, Japan.

The main investments considered for the period 2015-2017 are the following ones:

- Intermediary used fuel storage (including SICA U#2)
- Modernization and extension of the physical protection

system

- The improvement of Cernavoda NPP's response, namely of the nuclear safety features to events beyond design basis, following the nuclear accident that took place at Fukushima 1, Japan.
- Software for the plant integrated management (Work Management System)
- Detritiation Equipment D2O (U1+U2)
- Extension of Unit 1 life by re-tubing the reactor and re-technologizing the main systems.

The investments program for 2015 – 2017 is the following one:

Investments (thousand lei)	2015	2016	2017
Investments Program, out of which:	292.514	359.107	270.701
- CNE Cernavoda	230.355	334.884	265.712
- FCN Pitesti	22.156	13.940	3.257
- SNN Executiv	40.003	16.283	1.732

5.16.3. Events, transactions and economic changes affecting the incomes

The main activity incomes are significantly affected by:

- Production of electricity by CNE Cernavoda, closely related to the operational performance of the two nuclear units;
- Compliance with gradual liberalization schedule of the market and the company's contribution to the cart covered in the period 2015-2017;
- Regulated prices set by ANRE
- Evolution of prices on the competitive market and the company's ability to successfully compete in these conditions.

6. Non-current assets

6.1. Location and characteristics of main production capacities

Cernavoda Nuclear Power Plant is located in Constanta approx. 2 km southeast of the town of Cernavoda, approx. 1.5 km northeast of the first shuttle of navigable channel Danube-Black Sea. The platform designed for building the structures of CNE Cernavoda is bordered at the north by Cismeilei Valley and at south-west by 223 County Road. The south and east limit consists of hilly natural formations. For location of the Nuclear Power Plant with 5 CANDU 600 units an area of 72 hectares was arranged by excavating and leveling of former limestone quarries Ilie Barza. The resulting platform is + 16.00 share mdMB (Baltic Sea level).

The plant is designed to operate at load curve base. It has a turbo-generator supplying gross electric power of approx. 700 MWe gross each (706.5 MWe Unit 1, respectively, 704.8 MWe Unit 2) using the steam produced by the energy developed in a nuclear reactor type CANDU-PHWR-6 (Canadian Deuterium Uranium - Heavy Water Reactor Pressurized). This type of reactor uses heavy water as moderator and coolant in two separate systems. Fuel consists of natural uranium as sintered uranium dioxide pills, wrapped in zircaloy and assembled in bundles containing 37 fuel elements each.

Ceramic pills contained inside a fuel element, are able to retain fission products inside them. Loading and unloading of reactor fuel is continuous, bidirectional and under load. The reactor is equipped with a heat transport system with two independent loops which transfer the heat produced in the fuel by the controlled fission reaction in chain in the four steam generators to produce steam from the light water. Saturated steam from the steam generators is expanded in the turbine by putting it in motion and is then condensed using cooling water taken from the Danube through an open intake channel and race no. 1 of the Danube-Black Sea Canal (CDMN). The electricity produced is discharged in the National Power Network through the 400 kV Cernavoda plant belonging to Transelectrica.

Within the company, the branch Nuclear Fuel Factory (FCN Pitesti), based in Mioveni, Jud. Arges operates, too. FCN owns a land area of about 23,273 square meters, of which 8458 square meters is occupied by production departments, warehouses and offices, and the rest is the free surface. In the FCN Pitesti plant, nuclear fuel bundles are produced, using uranium dioxide sintered powder (UO₂) as raw material.

6.2. The depreciation degree of the assets

The two nuclear power units within the CNE Cernavoda have an initial term of life of 30 years, that can be extended for another 25 years after a refurbishment process. Unit 1 was commissioned in 1996 while Unit 2 was commissioned in 2007. Every two years, nuclear units are switched off for maintenance shutdowns planned in the program. Nuclear Fuel Plant in Pitesti was founded in 1992, and the first batch of nuclear fuel bundles was produced in 1994.

6.3. Potential issues related to the ownership right of the non-current assets

On 27.02.2014, SNN obtained the certificate of ownership of the land area of about 239 square meters (undivided share) corresponding to the 5th and 6th floors of the building located in Bucharest, Bd. Gheorghe Magheru no. 33, land to be incorporated in the share capital, representing a contribution in kind of the Romanian state, by granting the preference right to other shareholders.

There are a number of ongoing litigations involving the company's assets, which the Company considers to be minor ones. Their description is provided in the section Disputes.

6.4. Operational Performance Indicators

The gross annual capacity factor (GCF) in 2014 was 91,14% for unit 1 and 98,5% for Unit 2. Gross annual capacity factor (GCF) until the end of 2014 was 90,38% for Unit 1, and 94,53% for Unit 2.

COG Classification (Candu Owners Group – CANDU type plants) at the end of 2014 is:

Place	Unit	Gross Capacity Factor (%) (12 months rolling) at the end of 2014
1	Wolsong-3	99.61%
2	Qinshan-3-1	98.71%
3	Darlington-4	97.19%
4	Bruce-5	97.02%
5	Cernavoda-2	97.01%
6	Bruce-8	95.75%
7	Bruce-6	95.64%
8	Pickering-5	95.55%
9	Darlington-3	94.52%
10	Bruce-4	93.13%
11	Qinshan-3-25	92.10%
12	Wolsong-2	91.61%
13	Cernavoda-1	90.49%
14	Bruce-1	89.54%
15	Wolsong-4	85.08%
16	Pickering-7	84.52%
17	Bruce-7	78.62%
18	Pickering-1	77.46%
19	Pt. Lepreau	76.50%
20	Darlington-2	76.31%
21	Darlington-1	75.40%
22	Bruce-2	72.51%
23	Pickering-6	68.76%
24	Bruce-3	64.41%

Place	Unit	Gross Capacity Factor (%) (12 months rolling) at the end of 2014
1	Wolsong-3	94.92%
2	Wolsong-4	94.88%
3	Cernavoda-2	94.42%
4	Wolsong-2	93.25%
5	Qinshan-3-25	92.01%
6	Qinshan-3-1	91.54%
7	Cernavoda-1	90.23%
8	Darlington-3	87.38%
9	Darlington-4	86.34%
10	Darlington-1	85.03%
11	Bruce-5	84.85%
12	Bruce-7	84.67%
13	Bruce-8	82.91%
14	Embalse	82.02%
15	Bruce-6	81.74%
16	Bruce-2	80.36%
17	Bruce-1	79.67%
18	Darlington-2	79.30%
19	Pickering-7	78.56%
20	Pickering-6	78.50%
21	Pickering-8	75.87%
22	Pickering-5	74.00%
23	Pt. Lepreau	73.02%
24	Pickering-4	66.02%
25	Bruce-4	64.97%

Operating performance of nuclear units in SNN portfolio
SNN can be assessed objectively considering the statistics presented by international agencies or specialized publications.

According to the classification made by the journal “Nuclear Engineering International” (May 2014 edition), regarding the indicator “global coefficient of installed power use” since their commissioning, Cernavoda NPP units rank among the top twenty nuclear units out of 436 nuclear units operating around the world, as follows:

- Unit 2 with an overall coefficient of installed power use of 92.5% ranks the 5th position;
- Unit 1 with an overall coefficient of installed power of 89.1% ranks the 16th position.

Based on the same indicator, Romania is placed on the first position in the world with 90.8% coefficient of installed power use since the commissioning of Cernavoda nuclear power plant.



Cernavoda NPP Units are among the top 436 nuclear units in operation worldwide

7. Market of securities issued by the Company

7.1. The Romanian markets and the markets of other countries where the securities issued by the company are traded

Consequently to the Primary Initial selling Public Bid of 25,368,236 shares, representing 10% of the share capital of S.N. Nuclearelectrica S.A., offer developed during the period 09.09.2013 – 20.09.2013, the SNN shares are traded on the regulated market managed by the Bucharest Stock Exchange (BSE) since 04.11.2013, on the category I, having the issuant symbol “SNN” and ISIN code ROSNNEACNOR8; starting from 05.01.2015, the SNN shares have been traded on the Premium category of BSE.

On the date of 31.12.2014, the total number of shares issued by SNN is 281.782.756 shares. The record of shares is kept by the Central Depository, as independent registry company, authorized by the Authority for Financial Surveillance.

7.2. Dividend policy

SNN is a national company with a state majority capital. Therefore, the profit distribution is made according to the provisions of the Government Ordinance no. 64/2001, regarding the profit distribution to the national companies, the national companies and the trading companies with a state full or major capital, as well as to the autonomous regimes, as further amended and completed. In this way, according to the G.O. provisions no. 64/2001, the minimum distribution quote for dividends is 50% of the net profit remained after the distributions provided by Art. 1 par. (1) letters a)-e) o G.O. no. 64/2001.

Except for the provisions of G.O. no. 64/2001, the company does not have a stable dividend policy. The profit quote that will be annually distributed by the

Company as dividends, is subject to approval at the General Meeting of shareholders, whereby the Romanian Country is the majority shareholder. Therefore, SNN registers and pays distributed dividends of the net profit, only after the approval of annual financial statements by the General Meeting of Shareholders and of the profit distribution proposals. A distribution quote to the dividends was approved by the net profit of 85% and 85.16%, respectively of the financial years 2012 and 2013, respectively, because the Government approved based on the Memorandum “Measures that must be taken into account on the conclusion of the budgets of incomes and expenses of the economic operators with capital or patrimony directly or indirectly owned by the state”, the liability of companies with a full or majority state capital of distributing 85% of the profit to be distributed as dividends.

A quote of 71.13% of net profit distribution to dividends is proposed by the net profit of the financial year 2014, observing this way the provisions of Art. 1 par. (1) letter f) of the Government Ordinance no. 64/2001, as further amended and completed.

The proposed percentage by the Management Board for the distribution to dividends of the net profit corresponding to financial year 2014 takes into account the following considerations:

- Observance of the minimum distribution percent provided by G.O. no. 64/2001;
- Maintenance of a balance between the compensation need of shareholders by dividends and the financing needs by its own sources of the Company for investments

By derogation from the provisions of Law no. 31/1990, whereby the dividends must be paid within at most 6 months from the approval date of annual financial statements, the companies with a state majority capital are liable, according to Art. 1 par. (3) of the Government Ordinance no. 64/2001, as further amended and completed, to pay the dividends due to shareholders within 60 days from the term provided by law for the submission of annual financial statements to the competent tax institutions.

7. Market of securities issued by the company

The due dividends and payments, respectively, during the last 3 years were as follows:

Index (thousand lei)	2014*)	2013	2012
Net profit	133.064.655	423.391.480	34.469.000
Distribution to the legal reserve	(8.250.662)	(26.335.766)	(4.288.466)
Other reserves representing tax facilities provided by law	(516.049)		
Net profit distributable to the dividend	124.297.944	397.055.714	30.180.534
Employees' participation to the profit	(2.592.400)	(3.311.817)	(3.337.916)
Net profit calculation base, dividend distribution	126.890.344	400.367.531	33.518.450
Proposed dividends	90.366.312	340.957.135	28.490.598
Assigned dividends	-	340.957.135	28.490.598
Dividends paid until 31.12.2014	-	340.576.096	28.490.598
Profit distribution rate (%)	71,22%	85,16%	85,00%

*) the indexes shown for 2014 represent the profit distribution proposal

For the financial year 2012, the data regarding the dividends and the net profit are in the basis of financial statements concluded in accordance with OMFP 3055/2009 that represents the statutory accounting bases of SNN for that financial year.

The profit distribution rate is established as report between the quantum of dividends and the net profit, calculation basis, dividend distribution. Further information regarding the distribution of profit corresponding to financial years 2012, 2013 and 2014 are found on the web page of the company, section regarding the relations with the investors/AGA.

7.3. Activity of SNN at BSE

The progress of SNN shares during 1 – 31st of December, 2014, is shown by the following diagram:



The activity developed by SNN during 2014, as issuer of securities on the capital market in Romania, is shown as follows:

- In 2014, a total of 45.838 trades took place by SNN shares, with a daily average number of 175 trades;
- The total volume of traded shares was 17.128.212,
- The value of trades by SNN shares during 2014 year was 155.893.903,49 lei;
- In 2014, there have been 26 “Deals” trades by SNN shares, with a total volume of 2.857.893 shares.
- The price of one SNN share during 2014 was between a maximum amount of 11.22 lei and a minimum amount of 7.46 lei, decreasing to the amounts registered during the 42 trading days of 2013 year, when the maximum amount was 11.8 lei and the minimum amount was 10.95 lei;)
- The stock capitalization on the last trading day of 2014 was 2.180.998.531,44 lei, decreasing towards the amount of 2013 (3.153.149.040 lei.).

7.4. Presence in the indexes

The Bucharest Stock Exchanges (BSE) calculates and shares in real time its own indexes – BET, BET-XT, BET-BK, BET-FI, BET-NG, BET Plus and BET-TR – as well as an index developed with the Stock Exchanges of Wien, the ROTX index.

The BSE indexes reflect the progress of prices of the most traded companies listed or the progress of certain representative fields, like the financial or energy field. As calculation methodology, all the BSE indexes are weighted price indexes with free float capitalization, with maximum limits for the weight price of constituent companies. Except for the most recent launched index, BET Total Return (BET-TR), which is adjusted for the dividends, the other indexes only reflect the progress of market prices.

The SNN shares were included in the structure of indexes of the Bucharest Stock Exchanges (BSE) with the following ponderers, on the adjustment date 12.12.2014.

- 1.81% in the BET index (Bucharest Exchange Trading – reference index of the capital market, a pondered price index with the free floating capitalization of the most liquid companies listed on the BSE regulated

market)

- 4.70% in the BET-BK index (Bucharest Exchange Trading Benchmark Index) calculated as a pondered price index by the free-floating capitalization of the most traded 25 companies listed on the BSE regulated market);
- 1.59% in the BET-XT index (Bucharest Exchange Trading Extended Index), blue-chip index, reflects the progress of prices of the most liquid 25 traded companies in the regulated market segment, including the SIFs, the maximum rate of a symbol in the index being 14.99%;
- 3.36% in the BET-NG index (Bucharest Exchange Trading Energy & Related Utilities - sector index following the movement of prices of the shares of companies, whereof the main activity field is associated to the “energy and utility” sector, the maximum rate of a symbol in the index being 30%).
- 1.81% in the BET-TR index (Bucharest Exchange Trading Total Return Index), index reflecting both the progress of prices of constituent companies, and the dividends offered by them. This index that both reflect the progress of prices of the constituent companies, and the dividend offered by them was launched on 22.09.2014.
- 1.58 % in the BET Plus (Bucharest Exchange Trading Plus Index), an index reflecting the progress of Romanian companies listed on BSE regulated market, which fulfill the minimum selection criteria regarding the liquidity and the value of shares included in the free float, except for the financial investment companies (SIFs). This index was launched on 23.06.2014 .

7.5. Communication with the shareholders and investors

The activity of Communication and Relations with the Investors is developed according to the legal provisions in force included in the Law no. 31/1990 republished, of the companies, as further amended and completed to date of GEO no. 109/2011 regarding the corporate governance of public businesses, Law no. 297/2004 regarding capital market, the Regulation no. 1/2006 regarding the issuance and the securities operations, Regulation n. 6/2009 regarding the application of certain rights of the shareholders at the general assemblies of shareholders, the Code of Bucharest Stock Exchanges, Code of the Central Depository and the regulations of the Financial Surveillance Authority (ASF).

Internally, the efficient integration of financial, legislative, corporate governance and interest social responsibility for the investors and shareholders and their communication is followed, either as requirement according to the reporting data of a company listed on the stock, or on the shareholders', investors' requests and other third parties' requests, interested in the progress of company.

The communication is issued in the bidirectional symmetric system, with an accent on feedback and, implicitly, on the constant development of relation with the investors and takes into account as follows: meetings with the shareholders and investors, organization of conferences and media briefings, private meetings with the shareholders, tele-conferences and video-conferences, administration of the section especially intended to the relation with the investors on the website of the company, the facility of access to relevant information about the activities of company and reports drawn by it, the communication of corporate governance policies of the company, communication of information with an impact both on the company, and on the shareholders and investors.

The purpose is an efficient communication, adjusted based on the market feedback, which allows the shareholders to comprehend and assess, based on objective information, sent in real time, the changes occurred on the samples of trading, the development directions of the company, the information with an impact on the risk administration strategies.

The communication shares with the shareholders and investors concluded in 2014 by:

- Organization of meetings with the investors for the presentation of financial results;
- Organization of teleconferences, in accordance with the financial schedule of the company;
- Immediate transmission of information on the request of shareholders, potential investors and participants to the capital market;
- Participation to conferences organized by third parties regarding the capital market of Romania and presentation of financial results and company development opportunities;
- Participation of the company representatives to information seminars organized by the relevant

authorities for the improvement of corporate governance and development of transparency towards the shareholders;

- Organization of the General Assemblies of Shareholders;
- Information gathering, issuance and checking of current reports, their transmission to the competent authorities (BSE and ASF) and their publishing on the company website, observing the terms required by the legislation in force.

7.6. Further information

During the financial year ended on 31.12.2014, there have not been any trades regarding the procurement by SNN of its own shares.

The subsidiary of Energonuclear did not hold and does not hold shares issued by SNN.

There are no bonds issued by SNN and/or other types of receivables. SNN pays on time its liabilities incurred by the credit facilities and fulfilled the financial conditions included in the relevant agreements.

8. Individual Financial Statements as at 31.12.2014

The individual financial statements are attached. Extracts containing the main elements are presented below:

a) Financial position statement

Indicator (thousand lei)	2014	2013
Non-current assets	8.025.828	8.279.553
Current assets	1.840.072	3.420.660
Total assets	9.865.900	11.700.214
Equity	7.488.255	7.698.437
Total liability, out of which	2.377.645	4.001.776
Long term liability	1.899.194	2.096.401
Short term liability	478.291	1.905.375
Total Equity and Liability	9.865.900	11.700.214

b) Profit and Loss account and comprehensive result

Indicator (thousand lei)	2014	2013
Operation revenues	1.814.253	2.059.022
Operation expenses	(1.639.043)	(1.597.926)
Operation profit	175.209	461.096
Finance income	96.954	229.014
Finance cost	(117.836)	(172.420)
Net finance cost	(20.882)	56.594
Profit before income tax	154.327	517.690
Net income tax expense	(21.262)	(94.299)
Profit for the year	133.065	423.391
Other comprehensive income	(4.180)	326.674
Comprehensive income	128.884	750.066
Basic earnings per share (Ron/share)	0,47	1,64
Diluted earnings per share (Ron/share)	0,44	1,52

a) **Cash flow statement**

Indicator (thousand lei)	2014	2013
Profit before income tax	154.327	517.690
Adjustments	360.818	241.495
Cash flow related to operational activities	515.145	759.185
Net cash flow from operating activities	469.727	670.179
Cash flow used in investing activities	491.994	(689.574)
Cash flow from financing activities	(548.702)	63.799
Net increase in cash and cash equivalents	413.018	44.404
Cash and cash equivalents at the beginning of the period	739.280	694.877
Cash and cash equivalents at the end of the period	1.152.299	739.280

9. Consolidated financial statements as at 31.12.2014

a) **Financial position statement**

Indicator (thousand lei)	2014	2013
Non-current assets	8.022.699	8.290.528
Current assets	1.846.830	3.432.943
Total assets	9.869.529	11.723.472
Equity	7.491.602	7.698.908
Non-controlling interest	-	22.475
Total liability, out of which:	2.377.927	4.002.089
Long term liability	1.899.194	2.096.401
Short term liability	478.733	1.905.688
Total Equity and Liability	9.869.529	11.723.472

b) Profit and Loss account and comprehensive result

Indicator (thousand lei)	2014	2013
Operation revenues	1.814.264	2.062.190
Operation expenses	(1.640.460)	(1.602.862)
Operation profit	173.803	459.328
Finance income	96.796	229.727
Finance cost	(117.893)	(172.539)
Net finance cost	(21.098)	57.187
Profit before income tax	152.706	516.515
Net income tax expense	(21.291)	(89.659)
Profit for the year	131.415	426.856
Other comprehensive income	(4.180)	293.606
Comprehensive income	127.234	720.462
Basic earnings per share (Ron/share) Basic earnings per share (Ron/share)	0,47	1,65
Diluted earnings per share (Ron/share)	0,44	1,54

c) Cash flow statement

Indicator (thousand lei)	2014	2013
Profit before income tax	152.706	516.515
Adjustments	361.612	245.293
Cash flow related to operational activities	514.317	761.808
Net cash flow from operating activities	468.183	672.778
Cash flow used in investing activities	506.079	(694.108)
Cash flow from financing activities	(566.650)	63.799
Net increase in cash and cash equivalents	407.612	42.469
Cash and cash equivalents at the beginning of the period	751.248	708.779
Cash and cash equivalents at the end of the period	1.158.860	751.248

10. Corporate governance

10.1. Implementation of the corporate governance principles

During 2014, SNN continued the implementation of the corporate governance best practices in order to align the internal procedures to the new quality requirements related to the company's admission on the Bucharest Stock Exchange.

SNN grants special importance to corporate governance and complies to the principles of the Bucharest Stock Exchange Corporate Governance Code. The implementation of the corporate governance rules ensures a transparent decision making process, based on clear and objective rules which increases the confidence of the company's shareholders.

SNN complies to the Bucharest Stock Exchange Corporate Governance Code and will apply or explain the recommendations of the Code, according to the Declaration of compliance or non compliance with the provisions of the Corporate Governance Code (« Apply or Explain Declaration »).

The main achievements regarding the implementation of corporate governance during 2014 are presented below :

In february 2014, SNN issues the Corporate Governance Rules, prepared in compliance with the requirements of the BVB Corporate Governance Code, and with the application of the mandatory provisions of the Romanian legislation. The Corporate Governance Rules are updated constantly when the legal requirements impose it.

The Corporate Governance Rules has the purpose of ensuring the corporate governance of the Company, the full support in the relationship with shareholders/investors/analysts, the balance between administration, management and the assumed performance objectives, on the one hand and the control, namely, the evaluation of the efficiency and performance, the adequate administration

of real and potential risks, the careful oversight of the observance of the regulations in force, on the other hand.

In order to implement corporate governance principles, during 2014, SNN implemented a series of actions which focused mainly on :

- The payment of dividends for the financial year 2013 was carried out in compliance with the legislation in force applicable to issuers, without incidents, on the basis of a transparent procedure and related documents published on the Company's webpage, within a dedicated section ;

- In compliance with the provisions of art. 113, letter G, paragraph 3 and 4 of the Regulation number 1/2206 regarding the issuers of securities, SNN sends current reports to BVB and ASF, within the 5 day timeframe from the conclusion date of the legal document with the administrators, the employees and the shareholders who own control of the Company, as well as with the implicated persons with the cumulated value of the lei equivalent of 50.000 Euro (art. 225, paragraph 1 of the Law number 297/2004 regarding the capital market). The disseminated current reports are uploaded on the webpage of SNN and contain the following information : the parties of the agreement, the conclusion date and nature of the legal document, the description of the object, the total value of the legal document, mutual receivables, warranties, penalties, due dates and payment methods.

- SNN sends current reports to BVB and ASF for the information of the shareholders regarding any event which modified the patrimony of the Company or the financial statements, in compliance with the due dates provided in the legislation applicable to issuers of securities with shares admitted for trading on the regulated market.

- SNN published and will continue to publish on its webpage quarterly, half-yearly and annual reports both in English and in Romanian, informing the Bucharest Stock Exchange as well.

- Measures taken towards ensuring transparency, namely :

- A dedicated section for investors relations of the website of the Company
- On SNN's webpage, in the Investors Relations section, there is a dedicated subsection for the General Meetings of Shareholders, where SNN publishes convening notices and documents related

to each GMS, GMS resolution projects, special power of attorney and correspondence voting ballots, for legal entities, as well as for natural persons, the resolutions of the GMS and the result of the votes. Also, SNN publishes on its webpage information materials dedicated to the shareholders.

- The publication of the resolutions of the general meetings of shareholders, within 24 hours since the date of the meeting on the webpage of the Company ;
- SNN published the consolidated Articles of Incorporation on the Company's webpage, updated at 29.04.2014 and respectively at 31.07.2014 ;
- Dissemination of periodical financial reports (quarterly, half-yearly and annual) to BVB and ASF, as well as on the Company's webpage ;

- Within the SNN Board of Directors 4 advisory committees are operational, two of them being mandatory as per OUG 109/2011, each made up of three non executive member of the Board, with at least one independent member :

- The Nomination and Remuneration Committee (mandatory advisory committee) – in compliance with article 1402 of the Law number 31/1990 regarding companies, republished with up to date amendments („the Law number 31/1990”) and with the provisions of articles 34 of OUG 109/2011 regarding the corporate governance of public companies, corroborated with the provisions of art. 19 of the Articles of Incorporation of the Company, established through the resolution number 7 of the Board of Directors dated 26.04.2013;
- The Audit Committee (mandatory advisory committee) – established in compliance with art. 34 of OUG 109/2011 regarding the corporate governance of public enterprises, established through resolution number 8 of the Board of Directors, dated 30.04.2013 ;
- The Strategy, Development and Large Investment Projects Advisory Committee, established in compliance with art. 34 of OUG 109/2011 regarding the corporate governance of public enterprises, through the resolution number 27 of the Board of Directors dated 26.08.2013 and
- The Nuclear Safety Advisory Committee, established in compliance with art. 34 of OUG 109/2011 regarding the corporate governance of public enterprises, through the resolution number 27 of the Board of Directors dated 26.08.2013.

- All the committees have an Organization and Operation Regulation approved by the Board of Directors. The Regulation is published on the webpage of the Company, Investors Relations section, Corporate Governance, Advisory committees. On 13.03.2014, as per the resolution number 30, the Board of Directors approved a common Regulation applicable to all the advisory committees established at the level of the company.

- As per the provisions of article 149 of the CNVM Regulation number 1/2006, SNN prepared, updated and sent to the Financial Supervisory Authority a list of persons with access to privileged information.

- At the level of the company, an internal procedure regarding the elaboration, signing and dissemination of the current report to BVB and the Financial Supervisory Authority was established. Up to present, the reporting due dates were not exceeded.

- The personnel involved in investor relations participated in training courses organized by BVB.

- SNN was included in the Premium category on BVB, in accordance with the new regulated market segmentation and other measures to increase visibility and liquidity of the listed shares.

- All the conditions have been met for the shareholders to exercise their voting rights through correspondence or electronic means, before the date of the meeting, in compliance with the provisions of art. 45, paragraph (6) of OUG number 109/2011. Thus, the Regulation for the organization and unfolding of the General Meetings of Shareholders provides « the correspondence vote » as a method to exercise one's voting rights, with strict and precise rules on this matter.

10.2. The General Meeting of Shareholders

The corporate bodies of SNN are structured as follows: the general meeting of shareholders, which represents the highest decision making body and the Board of Directors. SNN is managed within an unitary system.

The general meeting of shareholders (GMS)

The General Meeting of Shareholders is the main corporate governance body of the company, which decides on the economic and business policy and activity of the company.

SNN has established and implemented solid internal procedures governing the organization and development of GMS, as well as rules governing the latter's legal and statutory activity, in accordance with the Articles of Incorporation and the applicable laws. In terms of its structure, depending on the items which require the approval of the shareholders, the General Meeting of Shareholders may be ordinary or extraordinary.

The Ordinary General Meeting of Shareholders (OGSM)

The main responsibilities of the Ordinary General Meeting of Shareholders (EGMS) are:

- a) discusses, approved and changes the annual financial statements of the basis of the reports presented by the Board of Directors and financial auditor;
- b) establishes the distribution of the net profit and the value of the dividend ;
- c) elects and revokes members of the Board of Directors;
- d) appoints and dismisses the financial auditor and established the minimal duration of the financial audit contract ;
- e) establishes the general limits of the CEO and Managers remuneration
- f) establishes 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 ;
- g) decides upon the administration of the Board members
- h) approves the strategy and the development policies of the Company ;
- i) establishes the annual revenues and expenditures budget for the next financial year ;
- j) decides upon the mortgage, renting and constituting as real estate guarantees the assets of the Company ;
- k) approves the administration plan, which includes the administration strategy for the duration of the Board's members mandate ;
- l) approves the reports of the Board of Directors regarding its activity
- m) decides in any aspect related to the Company, in compliance with its legal attributions, under the condition that the matters fall under the competence of the General Meeting of Shareholders ;
- n) analyzes and solves other issues submitted by the Board of Directors.

The Extraordinary General Meeting of Shareholders (EGMS)

Principalele atribuții ale Adunării Generale Extraordinaire a Acționarilor The main responsibilities of the Extraordinary General Meeting of Shareholders (EGMS) are:

- a) approves the change of the company's legal condition;
- b) approves the change of the company's headquarters location;
- c) approves the change of the company's object of activity
- d) approves the establishment or dissolution of secondary headquarters: subsidiaries, agencies, offices and other units without legal entity;
- e) approves share capital increase, reduction and consolidation through the issue of shares;
- f) approves merger with other companies and division of the Company;
- g) approves anticipated dissolution of the Company;
- h) approves the issuance of shares
- i) approves the conversion of shares from one category to another;
- j) approves the conversion of a category of bonds into another or to shares;
- k) authorizes the acquisition by the company of its own shares, and establishes the means of obtaining the maximum number of shares to be acquired, their minimum and maximum equivalent amount and operation period, in compliance with the law; it also establishes the method of alienation of own shares acquired by the company;
- l) approves the acquisition, sell, exchange and pledge as guarantee assets of the Company from the „non-current assets” category, the value of which exceeds, separately and cumulated, 20% of the total non-current asset of the Company, less receivables for a financial year;
- m) approves the renting of tangible assets, for a period greater than a year, if the separate or cumulated value for the sale contractor or implicated parties who act together exceeds 20% of the total tangible assets, less receivables at the date of conclusion of the legal document, as well as the associations for a period larger than one year, exceeding the same value.
- n) approves any amendment to the Articles of Incorporation and any other resolution for which the approval of the Extraordinary General Meeting of Shareholders is required;
- o) approves the mandate of Nuclearelectrica's representatives in the General Meeting of Shareholders

of S.C. Energonuclear S.A for:

- the modification of the share capital of S.C. Energonuclear S.A.;
- changing the participation quota of S.N. Nucleraelectrica S.A. in the share capital of S.C. Energonuclear S.A.;
- the dissolution and liquidation of S.C. Energonuclear S.A.;
- any investment made by S.C. Energonuclear S.A. that exceeds 5,000,000 euro (five million euro) with respect to a single transaction and/or any investment that exceeds 50,000,000 euro (ten million euro) cumulated with other transactions in any financial year;
- the conclusion by S.C. Energonuclear S.A. of any contract that involves expenses or binding by any significant obligations by the S.C. Energonuclear S.A. exceeding 5,000,000 euro (five million euro), individually or cumulatively, in one single financial year;
- any actual or proposed sale or any other alienation of any assets or rights of S.C. Energonuclear S.A., or any actual or proposed acquisition of any assets or rights by S.C. Energonuclear S.A. exceeding the cumulative amount of 5,000,000 euro (five million euro) in any financial year.
- Any loans, debts and obligations which exceed the cumulated value of 50.000.000 Euro (fifty million Euro)

In addition to the above mentioned responsibilities established by the Law, the Extraordinary General Meeting of Shareholders decides on the following matters:

a) Conclusion by the Company of any contract, obligation or engagement that might involve expenses or assumption of any important obligation by the Company, as per the competence limits provided in the Addendum 1 to the Articles of Incorporation.

b) Engagement by the Company of any type of loans, debts or obligations as per the competence limits provided in Addendum 1 to the Articles of Incorporation;

c) Establishment or participation to the establishment of companies or conclusion by the Company of any type of association, including joint ventures.

Quorum and majority requirements

The quorum will be verified by the presiding chairman of the meeting for each resolution, before subjecting it to the vote.

(a) OGMS

For the first convocation of the meeting, the quorum requirements shall be met provided that the shareholders, representing at least 1/4 of the company's share capital, are attending the meeting or are represented. The resolutions can be validly adopted only when the shareholders representing the majority of the cast votes are voting "for".

For the second convocation, the meeting can validly adopt resolutions regardless of the attending number of shareholders, simply through the vote cast by the shareholders representing the majority of the cast votes.

(b) EGMS

For the first convocation of the meeting, the quorum requirements shall be met provided that the shareholders, representing at least 1/4 of the company's share capital, are attending the meeting. The resolutions can be validly adopted only when the shareholders representing the majority of the cast votes are voting "for".

For the second convocation, the meeting can validly adopt resolutions included on the agenda of the first meeting convocation provided that the shareholders, representing at least 1/5 of the company's share capital, are attending the meeting or are represented.

The resolutions meant to amend the main object of activity of the company, the resolutions meant to increase or reduce the capital, to change of legal form of the company, or referring to mergers, division or dissolution of the company shall be adopted by a majority of at least 2/3 of the voting rights held by the shareholders or their proper representatives attending the meeting.

GMS convening process

The General Meeting of Shareholders is convened by the Board of Directors.

The General Meeting of Shareholders, either ordinary or extraordinary, will be convened when needed,

in compliance with the legal requirements and the provisions of the articles of incorporation, by publishing the convening notice in the Official Gazette of Romania, Part IV and in a national newspaper or a local newspaper from the location of the Company's headquarters with at least 30 days before the established date, as well as on the Company's webpage. All information will be disseminated both in Romanian and in English.

The General Meeting of Shareholders may be convoked in the following situations:

- a) as a result of the resolution of the SNN's Board of Directors, of the President of the Board of Directors or of one of its members, based on the power of attorney given by the President;
- b) as a result of the request of a shareholder or of some shareholders who individually or jointly hold 5% of the share capital, if the request contains dispositions included in the meeting's responsibilities/functions.

The Ordinary General Meetings of Shareholders are held at least once a year, within maximum 4 (four) months after the end of the financial year, for the examination of the previous year's financial statements and for establishing the activity program and the budget for the current year.

The meeting cannot be appointed earlier than thirty days after the publication of the convening notice in the Official Gazette of Romania, Part IV.

As per the applicable provisions (Law number 31/1990, OUG number 109/2011, the regulation number 6/2009) and the provisions of the Articles of Incorporation, the GMS Convening notice must include at least the following information:

- a) Name of the issuer
- b) Date, starting hour and location for the first and the second convening notice of the GMS;
- c) The proposed agenda, with the explicit mention of all the issues under debate in the meeting;
- d) The clear and precise description of the procedures that must be respected by the shareholders in order to participate and vote within the general meeting, with regards to :
 - a. The right of one of more shareholders representing separately or jointly at least 5% of the share capital of the Company, to introduce items on the agenda (accompanied by a justification), within at least 15 days since the publication of the convening notice and to

present resolution proposals for the items included or proposed for inclusion on the agenda of the meeting. The amended convening notice with the items proposed by the shareholders must be published with at least 10 days before the General Meeting of Shareholders, at the date mentioned in the initial convening notice.

- b. The vote by special power of attorney procedure, as well as the fact that for this type of vote, special powers of attorney must be used. Access to the special powers of attorney for the GMS, the due date and the address where they must be sent, as well as the requirements for the company to accept the electronic notification regarding the empowerment of representatives ;

- c. The procedures which permit the correspondve or electronic vote, is applicable.

- e) The reference date, as well as the information that only the persons who are shareholders at the reference date, have the right to attend and to vote within the general meeting ;

- f) The deadline until which candidates may be proposed for administrators positions, in case the agenda includes the election of administrators. The convening notice will mention that the list with the information regarding the names, residence and professional qualification of the persons proposed for the position of member of the Board of Directors is available to the shareholders and can be consulted and amended by the shareholders.

- g) The address where the shareholders may obtain the full text of the documents and the resolution proposals, other information regarding the items on the agenda of the general meeting and the date at which the information will be available, as well as the respective procedure ;

- h) When the agenda includes modifications to the Articles of Incorporation, the convening notice must include the text of the proposals ;

- i) The webpage address of the Company ;

- j) The proposal regarding the registration date and, in applicable, the proposal regarding the ex date and payment date ;

- k) The exact specification of the fact that the voting right can be exercised directly, through representative, proxy or through correspondence and the respective conditions for each method ;

- l) The dissemination method of the ballot for vote through correspondence and the special power of attorney for representation within the GMS, as well as the date of their availability ;

- m) The due date and address where the special

powers of attorney, the correspondence ballots and the mandates of the shareholders must be sent ;

n) The indication of the exact address where the special powers of attorney and the correspondence ballots must be sent.

The shareholders representing separately or together at least 5% of the share capital may request the introduction of new items on the agenda and may present resolution proposals for the items on the agenda, by means of a request addressed to the Board of Directors, no later than 15 days before the publication of the convening notice. The amended agenda with the items introduced by the shareholders must be published with at least 10 days before the general shareholders meeting, at the date mentioned in the convening notice.

In compliance with the capital market regulations, the resolution projects subjected to the approval of the GMS, as well as the other supporting documents must be published on the webpage of the Company.

GMS organization procedure

SNN has established and implements internal rules for the organization and carrying out of the GMSs, which require specific competence and responsibilities for various organization structures and departments of the company within GMS organization. These regulations are intended to regulate the entire internal stream of documents and information, procedures and logistics as well as the external process which consists in properly informing the company's shareholders about the aspects related to the convoked meetings.

The shareholders may participate and vote in the General Meeting of Shareholders through representation based on a power of attorney for that specific General Meeting of Shareholders or for a period not exceeding 3 years. The proxy cannot be substituted by another person. In case the empowered person is a legal entity, it can exercise its mandate through any person member of the administration or management of the company or its employees.

The legal persons may be represented by their legal representatives who, in their turn, may give a power of attorney to other persons for that specific General Meeting of Shareholders. When the State is involved, the proper

Minister may designate their permanent representatives in the General Meeting of Shareholders, in compliance with the above mentioned legal requirements and conditions.

In addition to the organization regulation of the GMSs, SNN fully complies with the laws regulating and governing the organization process of GMS of the listed companies.

Within 24 hours after the date when the GMS took place, the company draws up a current report in which it will briefly present how the GMS is organized and the resolutions adopted. The report will be disseminated to the capital market institutions, namely the BVB, and will be published on the company's website.

10.3. The management of the Company

10.3.1. The Board of Directors (BoD)

Structure. Appointment of the members of the Board of Directors. Eligibility criteria.

The executive body of the company is the Board of Directors and consists of 7 members. The members of the Board of Directors are elected by the Ordinary General Meeting of Shareholders for a term of four years and can be reelected or, in case of failure of fulfilling their main objectives, they can be dismissed by the Ordinary General Meeting of Shareholders.

The President of the Board is elected by the Board of Directors from among its members. This function cannot be carried out by the CEO even if he/she is a member of the Board of Directors. The President of the Board is appointed for a period that may not exceed the duration of his/her mandate/term as administrator/director and can be dismissed any time by the Board of Directors.

The directors/administrators can be dismissed anytime by the Ordinary General Meeting of Shareholders. Each director/administrator must expressly accept to fulfil the mandate. The company is obligated to conclude a D&O type insurance. During the mandate fulfilment, the directors/administrators may not conclude an employment contract with the company. In case the directors/administrators were appointed from among the company's employees, the concluded employment contract shall legally terminate on the date she/he has

accepted the mandate.

The structure of the Board of Directors complies with the provisions of Law No. 31/1990 on companies in terms of the number of independent members of the Board.

The members of the Board of Directors are appointed by the General Meeting of Shareholders, at the proposal of the Board of Directors or of the shareholders. The candidates proposed by the Board of Directors are selected/evaluated in advance and recommended by the Nominating Committee of the Board of Directors. By resolution, the Board of 2/92 Directors may stipulate that in the evaluation process, the Nominating Committee is assisted by an independent expert, the natural person or a legal person expert in recruiting human resources.

The members of the Board of Directors are obliged to exercise their mandate with prudence and diligence of a good administrator, with loyalty, on behalf of, and to the benefit of the company, and are not allowed to disclose confidential information and business secrets of the company.

The company is administered in an unitary system by a Board of Directors made up of 7 members. At 31.12.2014, the administrators of the company are the following:

The company is administered in an unitary system by a Board of Directors made up of 7 members

Name and surname	Age (years)	Qualification	Professional experience (years)	Position	Date of appointment	Date of revocation
Alexandru Sandulescu	56	Dr. Inginer	29	Presedinte Consiliu Administratie	25.04.2013*)	n/a
Alexandru Alexe	63	Inginer	36	Vicepresedinte Consiliu de Administratie	25.04.2013*)	n/a
Daniela Lulache	47	Economist	20	Membru executiv	25.04.2013*)	n/a
Carmen Radu	55	Dr. Economist	34	Membru neexecutiv	25.04.2013*)	n/a
Dan Popescu	57	Inginer	30	Membru neexecutiv	25.04.2013*)	n/a
Sebastian Teaciu	40	Economist	14	Membru neexecutiv	23.12.2013**)	n/a

*) appointed on the basis of OUG 109/2011; **) appointed by cumulative vote at the proposal of Fondul Proprietatea S.A.

During 2014, the company also had the following administrators whose mandate ended during the year:

without affecting the main area of activity of the company.

Name and surname	Age (years)	Qualification	Professional experience (years)	Position	Date of appointment	Date of revocation
Ionel Bucur	60	Dr. Inginer	35	Membru executiv	25.04.2013**)	6.10.2014*)

*) revocation due to the modification of art. 20 of the Articles of Incorporation;

The members of the Board of Directors are appointed by the shareholders, during the Ordinary Meetings of the Shareholders. The company has no knowledge of any agreement, understanding or family connections between the administrators and/or other persons, due to whom the respective administrator was appointed.

At 31.12.2014, the members of the Board of Directors owned the following shares issued by SNN:

Name and surname	Shares owned at 31.12.2014 (number)
Daniela Lulache	886

The main responsibilities of the Board of Directors

The Board of Directors has the following responsibilities, that cannot be delegated to the General Manager:

- Approval of the Company's main activity and development directions;
- Establishment of the accounting and financial audit system and approval of the financial planning;
- Appointment and revocation of the Managers, as well as the establishment of their remuneration
- Oversight of the activity of the General Manager and of the Managers
- Preparation of the annual report, organization of the general meeting of shareholders and implementation of the GMS resolution;
- Filing the request for opening the insolvency procedure of the company, as per the Law 85/2006 regarding the insolvency procedure;
- Approval of changing the activity field of the company,

The Board of Directors has also the following responsibilities:

- Exercise control on the way the General Manager and the other Managers govern the Company
- Approves the revenues and expenses budget
- Approves the management plan prepared by the General Manager and/or other Directors;
- Prepares and presents the administration plan which included the strategy of the company for the duration of its mandate to the General Meeting of Shareholders for approval;
- Verifies if the activity of the company is compliant with the Law, the Articles of Incorporation and any relevant resolution of the General Meeting of Shareholders;
- Presents to the General Meeting of Shareholders an annual activity report;
- Represents the company in relationship with the General Managers and the appointed Managers;
- Verifies and approves the financial statements of the Company
- Verifies and approves the Report of the General Manager and the reports of the Managers;
- Proposes to the General Meeting of Shareholders the appointment and the revocation of the financial auditor, as well as the minimum duration of the audit contract
- Approves the mandate contracts of the General Manager and of the appointed Managers thus establishing the organization of the activity of the managers;
- Approves the empowered representatives to negotiate the collection work agreement with the unions and/or with the representatives of the employees as well as their negotiation mandate
- Approves the Company's collective work agreement;
- Approves the Organization and Operation Regulations of the BoD;
- Approves the activity programs (production, research-

development, technological engineering, investment, etc);

p) Approves the energy transactions strategy of the Company;

q) Approves the conclusion of any contract/document which raises legal obligations for the Company (acts of acquisition, sell, exchange and pledge as guarantee non-current assets of the Company), the value of which does not exceed, separately and cumulated, during one financial year, 20% of the total non-current assets of the Company less receivables, in compliance with the competence limits provided in the Annexe to the Articles of Incorporation;

r) Approves the renting of tangible assets, for a period greater than a year, with an individual and cumulated value for the same contractor or entity involved with the company, which does not exceed 20% of the total value of non-current assets, less receivables at the date of the legal document, as well as the associations for periods greater than 1 year, which do not exceed the same value;

s) Approves the mandate of Nuclearelectrica's representatives in the General Meeting of Shareholders of S.C. Energonuclear S.A. for the decisions which fall under the competence of S.C. Energonuclear S.A. with the exception of those for which a resolution of the Company's General Meeting of Shareholders is necessary, in compliance with the provisions of the Articles of Incorporation.

The Board of Directors is responsible for the endorsement/approval of the contracts, credits and different operations at the level of the Company, in compliance with the competence limits provided by the Annexe to the Articles of Incorporation.

10.3.2. The executive management

The Board of Directors delegates the management of the company to one manager. The company is represented in its relationships to third parties as well as in the Court of Law by the CEO. The CEO is responsible for taking all the necessary measures related to the governing of the company, within the limits of the company's scope and in compliance with the competences established by Law or by the Articles of Incorporation for the Board of Directors and the General Meeting of Shareholders. The Board of Directors can delegate one or more responsibilities mentioned above (which can be delegated) to the CEO, on the basis of a resolution.

The CEO of SNN, has the following responsibilities in compliance with the Articles of Incorporation:

- a) Manages and coordinates the activity of the company
- b) Fulfills the resolutions of the General Meetings of Shareholders and the decisions of the Board of Directors, adopted in compliance with the competences reserved
- c) Applies the strategy and policy of the Company;
- d) Selects, hires, promotes and dismisses the employees of the Company;
- e) Appoints, suspends and revokes the managers of the subsidiaries, establishing their remuneration;
- f) Negotiates and concludes, under the conditions of the law, individual work agreements;
- g) Concludes legal documents on behalf of the company, for the acquisition, sale, renting and exchange or pledging as guarantee the assets of the company, which don't fall under the competence of the General Meeting of Shareholders or of the Board of Directors;
- h) Concludes any binding documents which don't fall under the competence of General Meeting of Shareholders or of the Board of Directors, within the competence limits provided in the Annexe to the Articles of Incorporation;
- i) Approves the investment projects, in compliance with the limits provided in the Annexe to the Articles of Incorporation;
- j) Prepares and subjects for the endorsement of the Board of Directors the financial statements as well as the proposal regarding the distribution of the profit resulted from the balance, which is intended to be presented to the General Meeting of Shareholders;
- k) Prepares and subjects to the endorsement of the Board of Directors the budget project of the Company, which will be subjected to the approval of the General Meeting of Shareholders;
- l) Subjects to the endorsement of the Board of Directors the materials which will be subjected to the approval of the General Meeting of Shareholders;
- m) Prepares together with the other managers and subjects for the endorsement/approval of the Board of Directors the activity programs (production, research – development, technological engineering, investments, etc);
- n) Establishes the responsibilities of the Company's staff;
- o) Approves the collections and payments, as per the legal competences and provisions of the Articles of Incorporation
- p) Empowers Managers or any other person to exercise powers from his field of competence;

- q) Approves the delegations of competence for the Managers of the Company and of the subsidiaries, in order to carry out the activities of the company;
- r) Approves the competences and the responsibilities of the Company's departments
- s) Approves the organizational chart of the Company and the number of positions, the formation of operational and production compartments, as well as the Organization and Operation Rules;
- t) Approves the environmental protection and occupational safety policies, in compliance with the law;
- u) approves legal documents and rules which regulate the activity of the company;
- v) establishes the marketing tactics and strategy;
- w) fulfills any other responsibility provided by the legislation, the Articles of Incorporation, the resolutions of the Board of Directors and of the General Meeting of Shareholders;
- x) solves any other matter that the Board of Directors commissions to him

The manager of Cernavoda NPP subsidiary, appointed through the decision of the Board of Directors, concluded a mandate contract with SNN number 9 of 26.08.2013 and is responsible for the management, organization and administration of the current activities of the company related to the operation of Cernavoda NPP through the Cernavoda NPP subsidiary, as well as for the administration of the assets of Cernavoda NPP, within the limits of his delegated attributions, under conditions of nuclear safety, without affecting the population, the personnel or the environment and through the observation of the requirements provided in the authorizations of the plant. Also, the manager of Cernavoda NPP coordinates the implementation of the nuclear safety policy of Cernavoda NPP.

The CFO was appointed by the Board of Directors on 01.02.2014. The Board of Directors delegated to the CFO the management, organization, coordination of the economic activity of the Company including the accounting and financial functions, the preventive financial control, reporting and budget, asset administration and IT service. In order to fulfill his mandate, the CFO unfolds all the necessary actions for the management, organization and coordination of the economic activity of the Company together with the other managers. The CFO is subordinated to the Board of Directors and to the CEO and is responsible for fulfilling his duties towards them.

Executive management

Name and surname	Position	Start date (since 2014)	End date (since 2014)
Daniela Lulache	CEO	01.01.2014	31.12.2014
Mihai Darie	CFO	01.02.2014	31.12.2014
Ionel Bucur	Manager of Cernavoda NPP Subsidiary	01.01.2014	31.12.2014
Andrei Gheorghe	Manager of FCN Pitesti Subsidiary	01.01.2014	31.12.2014
Elena Negulici	Economic Manager	01.01.2014	01.02.2014

The company has no knowledge of any agreement, understanding or family connections between the administrators and/or other persons, due to whom the respective administrator was appointed.

At 31.12.2014, the managers owned the following shares issued by SNN:

Name and surname	Shares owned at 31.12.2014 (number)
Daniela Lulache	886
Mihai Darie	1.200
Ionel Bucur	-
Andrei Gheorghe	35

At the current date, the Company does not poses knowledge regarding the existence of litigations or administrative procedures against the members of the Board of Directors and/or managers, related to their activity within Nuclearelectrica or to their capacity to fulfil their duties within the Company.

10.4. Advisory Committees

As per the Articles of Incorporation and in compliance with OUG 109/2011, the Board of Directors may establish advisory committees, made up of at least 2 board members; one member in each Committee must be

an independent non executive administrator. The actual number of members for each Advisory Committee will be established will be established by decision of the BoD.

Thus, the BoD of SNN established two specialized advisory committees, which are mandatory as per OUG number 109/2011: the Audit Advisory Committee and the Nomination and Remuneration Committee, made up only of non executive members. At least one member of the Audit Committee must have experience in the application of accounting and financial audit principles.

The Nomination and Remuneration Committee was established in compliance with article 34 of OUG 109/2011 regarding the corporate governance of public companies, by the resolution number 7 of the Board of Directors dated 26.04.2013.

The Advisory Audit Committee was established in compliance with article 34 of OUG 109/2011 regarding the corporate governance of public companies, by the resolution number 8 of the Board of Directors dated 30.04.2013.

The Organization and Operation Regulation of the Advisory Committees organized at the level of the BoD was amended by the resolution number 30/13.03.2014 of the Board of Directors which approved the Organization and Operation Regulation of the Advisory Committees organized at the level of the BoD.

The Advisory Committees are tasked with the unfolding of investigations and the drafting of recommendations for the BoD, in their specific fields, subjecting on a regular basis, activity reports.

The Audit advisory committee

The audit committee is formed of 3 members appointed from among the members of the Board of directors.

Until 25.03.2014, the members were Carmen Radu, Alexandru Alexe and Dan Popescu, and starting with 26.03.2014, as per the BoD resolution number 45/26.03.2014, the committee has the following members : Carmen Radu, Alexandru Alexe and Gabriel Sebastian Teaciu.

The role of the Audit committee is to assist the BoD in performing its duties related to internal audit and to offer counsel regarding the strategy and policy of the Company related to the internal control system, internal and external

audit as well as the control over the management of the significant risks.

The Audit committee assists the BoD in fulfilling its responsibilities regarding financial reporting, internal control and risk management.

The Audit committee constantly evaluated the efficiency of the financial reports, internal control and the risk management system adopted by the Company. The Audit committee makes sure that the audit analysis as well as the audit reports are prepared in accordance with the audit plan

In 2014, the Audit committee had 8 meetings during which recommendations for the BoD were drafted regarding the aspects which fall into its responsibility, as follows :

- Submitting for information :
 - The internal audit report for 2013
 - The audit plan for 2015
 - Submitting for approval :
- SNN corporate governance regulations, the questionnaire regarding the level of compliance with the corporate governance principles ;
 - The note regarding the approval of the approval of the IFRS accounting policies for SNN ; Note regarding the approval of the annual report prepared in compliance with the provisions of article 227 of the Law number 297/2004 regarding the capital market and the CNVM Regulations number 1/2006 ; Note regarding the approval of the annual individual financial statements of SNN for the financial year ended at 31 December 2013, of the independent audit report for the individual annual statement and of the administrators report ; Note regarding the annual consolidated financial statements for the financial year ended at 31 December 2013, of the independent audit report for the individual consolidated financial statements and of the administrators report ; the report for the fourth quarter of 2013 of the Board of Directors ; the report for the fourth quarter of 2013 of the CEO ; the individual annual report of the administrators for the year 2013 ; the annual consolidated administrators report for 2013 ; Note regarding the approval of the net profit distribution proposal for the financial year 2013, of the net dividend per share, of the dividend payment date and the payment methods ; note regarding the approval of duty discharge of the administrators for the financial year ended at 31 December 2013.
 - The quarterly financial and economic activity report

of SNN as per the provisions of article 227 of the Law number 297/2004 regarding the capital market and the annexe number 30 to the CNVM Regulation number 1/2006 regarding the issuers and the operation with securities for the first quarter of the financial year 2014 ; of the Interim Individual Simplified Unaudited Financial Statements as at and for the three month period ended at 31 March 2014 (concluded in compliance with the Order of the Ministry of Public Finance number 1286/2012 for the approval of the apparoval of the International Financial Reporting Standards, applicable to commercial entities with securities admitted for trading on a regulated market with the subsequent ammendments and the International Accouting Standard 34 – « Interim financial reporting ») ; of the quarterly report of the Board of Directors on the administration acitivity for the first quarter of the year 2014 ;

- The policy for the administration of the financial availability ; of the Report of the CEO, the Manager of Cernavoda NPP and of the CFO

- The quarterly report of the managers of SNN ; the quarterly report of the Board of Directors for the approval of the Ordinary General Meeting of Shareholders ; the interim financial statemetns for the first semester of 2014 ; the quarterly report regarding the economical and financial activity of SNN as per the provisions of art. 227 of the Law number 297/2004 regarding the capital market and the Annexe number 31 to the CNVM regulation number 1/2006.

- The quarterly report of the SNN managers for the period of 9 months ended at 30 September 2014 ; the report for the financial and economic activity of SNN in compliance with the provisions of art. 227 of the Law number 297/2004 regarding the capital market and the Annexe number 30 to CNVM number 1/2006 regarding the issuers and securities operations for the third quarter of the financial year 2014 ; the interim individual simplified unaudited financial statements as at and for the period of 9 months ended at 30 September 2014 ;

- Submitting to the endorsement of the quarterly report of the Board of Directors of SNN for the period of 9 months ended at 30 September 2014.

At the same time, the Audit committee endorsed the

documentation for the selection of SNN's financial auditor, the bid specification, the duration of the contract, the qualification criteria, as well as the applicable procedure.

The advisory committee for nuclear safety

The advisory committee for nuclear safety ensures assistance for the BoD and an independent evaluation of the nuclear safety and environment control, drafting recommendations in this regard.

Initially, the Committee for nuclear safety was made up of the following member of the Board of Directors: Daniela Lulache, Ionel Bucur, Dragos Popescu, Dan Popescu and Alexandru Sandulescu. As per the resolution number 45 dated 26.03.2014, the Committee for Nuclear Safety is made up of 3 members : Dan Popescu, Daniela Lulache si Ionel Bucur. Starting with 06.10.2014, the member of the committee are : Dan Popescu and Daniela Lulache.

The main duty of the advisory committee for nuclear safety is to ensure assistance and/or independent evaluation in the nuclear field and environment protection to the BoD. The advisory committee for nuclear safety has an advisory role, the direct responsibility for nuclear safety and environment protection falls under the managers of the company.

In 2014, the advisory committee for nuclear safety organized 2 meetings during which it drafted the following documents for the endorsement of th Board of Directors:

- Note regarding the nuclear safety of Cernavoda NPP for the first semester of 2014
- The Statement regarding the nuclear safety policy of SNN

The advisory committee for strategy, development and large investment projects

The advisory committee for strategy, development and large investment projects was initially made up of 3 members of the Board of Directors: Daniela Lulache, Dragos Popescu and Alexandru Alexe, as per the resolution number 45/26.03.2014 the Committee structure

was modified as follows : Daniela Lulache, Alexandru Alexe, Gabriel Sebastian Tcaciuc and Dan Popescu. The advisory committee for strategy, development and large investment projects issues recommendations regarding the development strategy of the company and large investment projects.

In 2014, the advisory committee for strategy, development and large investment projects met 4 times for preparing recommendations for the activities which fall under its competence, as follows:

- Submitting the opportunity notices regarding the projects Hidro Tarnita SA and HVDC Romania – Turkey for the endorsement of the Board of Directors of SNN for the approval of the EGMS;
- Submitting to the approval of the Board of Directors of the bid specification for the selection of a private investor for the establishment of mixed IPP type company in order to implement a « green/brown field » project for the completion of Cernavoda NPP Units 3 and 4, with the related annexes ;
- Submitting to the endorsement of the BoD of the strategic development elements for the Interdim Spent Fuel Storage (DICA), in view of the life span extension of Units 1 and 2 and of the contraction of Units 3 and 4 of Cernavoda NPP
- Submitting to the approval of the Board of Directors « SNN's development strategy for the period 2015-2025 »

The activities and responsibilities of the Nomination and Remuneration Advisory Committee are presented in detail within a separate annual report prepared by the committee in compliance with the provisions of OUG number 109/2011.

10.5. Shareholders' Rights

All holders of financial instruments issued by the SNN of the same type and class of securities receive an equal treatment and the company is making permanent sustained efforts to achieve an effective communication, active and transparent in order to exercise the rights in an equitable manner.

All SNN shareholders are treated fairly. All issued shares offer equal rights to their holders; any change in the rights conferred by them will be subject to approval by

the directly affected shareholders in special meetings.

SNN makes all efforts to facilitate the participation of shareholders at the general meetings of shareholders, the dialogue between shareholders and members of the Management Board and / or management, as well as the full exercise of their rights. The participation of shareholders at the General Shareholders Meetings is strongly encouraged, and for shareholders who are unable to attend the meeting, offers the opportunity of voting in the absence - based on special mandate, by mail or by special or general power of attorney.

The company has created a special section called Investor Relations, on its own website, where relevant information on procedures regarding access and participation at the General Meeting of Shareholders (GMS), GMS convocation, supplemented agenda of the GMS, responses of MB to questions from shareholders, current reports, financial statements of the Company, the exercise of voting rights in GMS, GMS agenda materials, special mandate models, financial calendar, corporate governance etc. of the company is constantly updated and accessible, thus contributing to transparency and equitable information for all persons interested.

In the same time, SNN established a specialized organizational structure for the management of the capital market activity, respectively the Department of Communication and Investor Relations - structure whose work will be dedicated to the relationship with investors and shareholders. The department's staff will be permanently trained / educated / professional formed on issues relating to the company's relationship with its shareholders, the principles of corporate governance, of management and customer relationship.

The main shareholders' rights regarding the General Meeting of Shareholders are:

- (a) The right to a minimum period of notice: The Company's Shareholders are informed about an upcoming meeting of shareholders by convocation published in the Official Gazette and in a newspaper of national circulation at least 30 days before the meeting; also, the convocation is published on the website of the Company, in the Investor Relations section and it is transmitted to the Financial Supervision Authority and the Bucharest Stock Exchange in the form of a current report;

(b) The right of access to information: SNN publishes the documents and information required on its website to ensure that all shareholders exercise their rights in an informed manner;

(c) The right to supplement the agenda of the meeting: SNN shareholders representing individually or together with other shareholders at least 5% of the share capital may request the addition of additional items on the agenda within the limits and in accordance with the applicable legislation;

(d) The right to participate to the meeting: SNN shareholders registered in the list of shareholders on the reference received from the Central Depository shall be entitled to attend in person or by representative at the General Meetings of Shareholders;

(e) Voting rights: The share capital of the Company is represented by ordinary shares conferring a right to vote for each share registered in the name of the shareholder at the reference date;

(f) The right to ask questions: Any shareholder of the Company may submit written questions concerning the items on the agenda of the General Meeting of Shareholders and is entitled to receive responses from SNN.

The shareholders have the right to participate effectively and to vote in the GMS and to be informed of the rules, including the voting procedures that govern the GMS. Each share confers one vote, one dividend. There are no preferred shares without voting rights or shares conferring the right to more than one vote.

10.6. Transparency, financial reporting, internal control and risk management

Transparency

Being a company admitted to trading, SNN acts constantly according to the information requirements regulated by the capital market rules, by conducting periodic and continue reports on important events concerning the company, including, but not limited to, financial state, performance, ownership and leadership.

SNN ensures regular and continue adequate reporting on all major events, including the financial situation, performance, ownership and management. The Company will prepare and disseminate periodic and continuous relevant information, in accordance with International Financial Reporting Standards (IFRS). Information is disseminated both in Romanian and English. The company will hold at least three times a year, meetings with financial analysts, brokers, market specialists and investors, at disseminating annual financial statements and / or half-yearly investment decision or relevant materials according to specific interests of participants on the capital market. The aim is to ensure total transparency by communication in accordance to the law and proactively, in order to provide information with a high degree of accuracy and in a timely manner necessary to maintain and develop a relationship of mutual trust.

To make the information process more efficient and accessible for investors, SNN created on its website (www.nuclearelectrica.ro) a special section (Investor Relations) where any investor can easily access information about: (i) strategy of the Company, (ii) news, information and events, (iii) corporate governance, (iv) the rights of shareholders, (v) reports. Moreover, SNN will set strict internal rules and procedures and has a dedicated investor relations department. The company develops and implements an efficient and transparent policy in its relationship with the investors.

Financial reporting, internal control and risk management

SNN transmit to BSE, no later than 120 days after the end of the reporting period, the annual report in accordance with regulatory matters, issued by the Financial Supervisory Authority (FSA), including all documents stipulated in the FSA regulations. The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as they are approved by the European Union, starting with the year of 2013.

SNN transmits to BSE, no later than 45 days after the end of the reporting period, the quarterly report prepared in accordance with regulatory matters, issued by the FSA, and the half-yearly financial statements are prepared in accordance to the law.

SNN transmits to BSE, no later than 45 days after the end of the reporting period, the Quarterly Report for the first and the third quarter, prepared in accordance with ASF regulations, comprising both reporting documents as stipulated in the ASF regulations and also quarterly interim financial statements, prepared in accordance with applicable regulations.

The Audit Advisory Committee supports the Management Board members by regularly examining the efficiency of financial reporting, of internal control and risk management system adopted by the company.

In 2014, the financial control bodies of the SNN have scheduled a total of 26 internal financial control activities which included 26 control objectives for three locations (SNN Executive, CNE Cernavoda Branch and FCN Pitesti Branch) that were totally fulfilled.

From the quantitative analysis of the management financial control activity program for the year 2014, the following conclusions arise:

- The internal financial control actions were achieved by taking in account the work programs of internal financial control for half year of previous years;
- 15 deficiencies were found of which 9 were remedied during the year, and six of them have to be achieved in 2015;
- all 26 internal financial control activities scheduled have been met;
- Compared to 2013 more management financial control activities were made.

In terms of quality of the accomplishment of the work program of internal financial control, the following conclusions are drawn:

- As a result of performing of management financial control activities, findings were performed that are accompanied by corrective measures;
- The deficiencies noted are, in most cases, deviations from compliance with laws and or own procedures in force;
- During the control, deadlines and solution responsibilities were established, some measures being undertaken during the control and others are in progress.

The risk management activities including the company's

policy and objectives in this area are presented in the previous sections of the annual report.

10.7. Conflict of interest and transactions with related parties

The Management Board members will make decisions in the sole interest of the Company and will not take part in any deliberation or decision which creates conflict between their personal interests and those of the Company.

Each member of the Management Board ensures about the avoidance of a directly or indirectly conflict of interest with the Company, and in the event of such a conflict, will abstain from deliberations and voting on such matters in accordance with the legal provisions in force.

In order to ensure the procedural fairness of transactions with implied parties, the members of the Management Board use the following criteria, but not limited to them:

- Keeping the competence of the Management Board or the General Meeting of Shareholders, as appropriate, to approve the most important transactions;
- Asking for a preliminary opinion on the most important transactions in the internal control structures;
- Entrusting the negotiations relating to these transactions, to one or more independent administrators or to administrators that are not linked to the parties concerned
- Recourse to independent experts.

Apart from the general legal provisions, SNN established and implemented internal policies that regulate more detailed the procedures concerning the disclosure of transactions between affiliates.

In this way, the Management Board will inform the shareholders, during the first GMS following the conclusion of the legal act on any transaction with administrators or directors, with employees, with shareholders holding the control of the company or with a company controlled by them, by making available to the shareholders the documents reflecting the essential and significant data and information in connection with these transactions. Also, the Board will inform the

shareholders in the first GMS following the conclusion of the legal act on any transaction entered into by SNN, as a public company, with another public company or public authority guardianship, if the transaction has a value, individually or a series of transactions, at least the RON equivalent of EUR 100,000.

10.8. Internal Audit

In 2014, the internal audit activity in the SNN was carried out by its own internal audit structure, namely the Internal Audit Department, consisting of three people and subordinated to the CEO of the Company

During 2014, there were no issues regarding the independence and competence of the internal auditors and were not identified any non compliances with the rules and principles mentioned in the Code of Ethics of the internal auditors of the SNN. In the branches, CNE Cernavoda and FCN Pitesti do not have internal audit structures and their audits are done by the Internal Audit Department from central level.

The Internal Audit Department operates on the basis of own procedures, which are updated whenever necessary. Also, the Internal Audit Department, the quality improvement program was continued, which scope is:

- To provide an adequate degree of assurance that the work performed by internal auditors, add value and contribute to improve the SNN processes and operations;
- To provide additional assurance to the fact that the work is performed in accordance to the applicable law and the Code of Ethics of Internal Auditor

The internal audit activity took place based on the annual plan, approved by the CEO of the Company.

During 2014, the Internal Audit Department conducted 9 planned internal audits missions. All nine missions were completed within the deadlines established in the annual plan. The Internal Audit Department continuously monitors the implementation status of recommendations made during internal audits, the internal auditors asking at the deadlines the communication of the transmission of the evidence of implementation, where possible. After expiry of the implementation term, the auditors go to the

audited entity to verify the compliance of the information received and to set new deadlines for implementation, if necessary.

In terms of professional training of internal auditors in the SNN in 2014, the art. 21, para. 8 of Law no. 672/2002 republished, was respected, by attending training courses/trainings and self-study.

11. Presentation of the Group

SNN holds only one branch Energonuclear S.A. (« EN »), with a percentage of participation in the share capital of 100 % on December 31st, 2014. It enters within the consolidation perimeter.

History and presentation

The establishment of Energonuclear S.A., company whose mission is the development of the execution project for the Units 3 and 4 from Cernavodă Nuclear Power Plant, was achieved by promoting a shareholding structure, where SNN to hold a participation share of 51% in the share capital (based on the Government Decision no. 643/2007, as it was amended by the Government Decision no. 691/2008). According to the Investment Agreement, based on which the EN was founded, signed on December 25th, 2008 and approved by the Government Decision no. 1565/2008, the shareholding initial structure was : SNN 51%, RWE, GDF Suez, ENEL and CEZ each with 9,15%, and ArcelorMittal and Iberdrola each with 6,2%.

After the withdrawal from the Project of the CEZ shareholders (on December 30th, 2010) and RWE, GDF Suez and Iberdrola (on February 28th, 2011), ArcelorMittal (January 17th, 2014) and Enel (January 16th, 2014), SNN acquired, by share transfer agreements, the cumulated share held by them within EN, reaching, as result of these operations, to hold on January 17th, 2014

a share of 100% in the share capital of EN.

The share capital of the company EN on December 31st, 2014 is 146.152.998,73 lei, representing the equivalent of 35.000.000 Euro. The share capital is divided in 37.105.029 nominative shares with a nominal value of 3,9389 RON per share.

The registered office of the company EN is in Bucharest, 5-7 Vasile Lascar str., 3rd floor, 2nd District. Order number in the Trade Register is J40/3999/2009, and the sole registration code is 25344972.

Articles of incorporation

The articles of incorporation of EN was amended by the decision of the General Meeting of Shareholders no. 5 from October 31st, 2014, as a result of the cessation of the Investment Agreement concluded between the EN shareholders and consisted mainly in the modification of the rules concerning the convocation and the vote within the meetings of the General Meeting of Shareholders and of the meetings of the Management Board.

Documents of appointment/revocation of administrators

Energionuclear is managed in an unique system. The Management Board consists of 3 administrators appointed by the General Meeting of Shareholders for a period of 4 years. The Chairman of the Management Board is appointed by the unanimous consent of the shareholders on the proposal of each shareholder for a period of maximum 2 years, without the possibility of being re-elected as chairman. The structure of the Management Board of EN at the end of 2014 is as follows:

- Elena Popescu – chairman;
- Alexandru Sandulescu – member;
- Minodor Teodor Chirica – member and general manager of EN.

Management of the company

During the year 2014, the executive management of EN was provided by the following managers:

- Minodor Teodor Chirica, general manager (mandate contract for the entire year 2014)
- Mircea Gheorghe, technical manager (employment contract for the entire year 2014)

- Dragos Paul Popescu, project manager (starting with 03.11.2014, employment contract)
- Ecaterina Nitu, chief accountant (employment contract for the entire year 2014)

Description of activity

The purpose of EN is the execution of the project consisting in the development, construction, commissioning and operation of the Units 3 and 4 from Cernavodă Nuclear Power Plant.

During the year 2014, the company has developed activities that targeted actions necessary for the execution continuation of the project Units 3 and 4 of Cernavodă Nuclear Power Plant, out of which the most important were:

- Activities in connection with the EPC tender submitted by the consortium led by SNC Lavalin which, following the performance of the public procurement procedure, was declared unacceptable and non-compliant;
- Assistance as a potential beneficiary in the development of the technical, economical and legal (Due Diligence) verification process by China General Nuclear (CGN) as a potential investor;
- Activities of technical assistance and cooperation in the definition of the market mechanisms and of other forms of risks limitation during the construction period of the project of Units 3 and 4, and respectively of investments recovery;
- Technical support for the Negotiation Committee appointed following the application of the Strategy for the implementation of the Project of Units 3 and 4;
- Activities related to the maintaining of the EN authorizations;
- Collaboration with various authorities and institutions in the field of nuclear security, radioactive waste management, environment etc

Litigations

On December 31st, 2014, the most important litigations of the company are:

- the litigation with the Court of Accounts - Chamber of Accounts of the City of Bucharest (CC-CCMB), concerning the cancellation of the Decision no. 97/28.11.2011 issued by CC-CCMB, the cancellation of the Inspection report no. 7179/2.11.2011 prepared

by CC-CCMB and the cancellation of the conclusion no. 22/09.02.2012 of the Court of Accounts – Claims Settlement Commission. In case the EN will win this case, the company will recover its profit tax paid to the state budget in the amount of 780.409 lei and will not have to collect and monitor differences of leave allowances from employees and claims, representing compensations in amount of 556.526 lei. The Bucharest Court partially admitted the EN action meaning the Court cancelled the Decision no. 97/28.11.2011 issued by CC-CCMB and the conclusion no. 22/09.02.2012 of the Court of Accounts – Claims Settlement Commission. The Bucharest Court decision is not final.

The remaining of the company's litigations are concerning employees or former employees, who request the recovery of the allowance differences for leave related to the years 2009-2010, after the application of the measure no. 8 from the Court of Accounts' Decision no. 97/2011, mostly suspended until the final and irrevocable settlement of the above litigation.

The future progress of EN is closely related to the implementation of the provisions from the Continuation Strategy of the Project of Units 3 and 4 Cernavodă Nuclear Power Plant. Thus, according to the Strategy, it is provided the transfer of the value invested by SNN in EN to the Project Company. The stage of the Strategy implementation is presented within the Individual Report of the administrators.

12. Subsequent events

Increase of the share capital of SNN S.A.

By EGMS resolution number 8/6.10.2014, was approved the increase of the share capital of SNN S.A. by cash contribution totaling a maximum amount of 239,172,630 lei, from the current value of 2,817,827,560 lei to the amount of 3,057,000,190 lei, by issuing a maximum number of 23,917,263 new, nominative, dematerialized shares, at a price of 10 lei / share, equal to the nominal value (without share premium) out of which:

- (i) 19,437,670 new shares amounting to 194,376,700 lei representing the cash contribution of the Romanian State through the Ministry of Economy- the Department for Energy, namely the amount of budget allocations related to the period between 2006-2009 for the completion of the Cernavoda NPP's Unit 2 and for financing the works on the Cernavoda NPP's Units 3 -5;
- (ii) A maximum number of 4,479,593 new shares in the amount of 44,795,930 lei will be granted, within the exercise of the preemption right, for subscription, in exchange for the cash contribution of the Romanian State through the Ministry of Economy, Department for Energy, to other SNN's shareholders, namely to persons who have the quality of shareholder on the registration date, in order to maintain the participation quota with respect to the shares held within SNN on the registration date.

The prospectus for the share capital increase of SNN was approved by the Board of Directors of SNN by the decision no. 174/02.12.2014 and by the Financial Supervisory Authority no. nr. 2246/23.12.2014.

The offer announcement for the capital increase was published on 29.12.2014 and the subscription period took place between 5.01.2015 and 4.02.2015. Shareholders registered in the Register of Shareholders on 22.10.2014, the registration date, had the right to subscribe and pay for shares of this issue, proportional to the share capital

participation they hold on the Registration Date. The subscription price was 10 lei/share and the intermediary is SSIF SWISS CAPITAL.

As per the above mentioned Resolution, SNN informed the shareholders and the investors that the share capital increase offer was completed on 4.02.2015.

On 06.02.2015, the Board of Directors of SNN acknowledged and approved the following: during the subscription period: 05.01.2015 – 04.02.2015 a number of 19,438,285 shares were subscribed, with the value of 194,382,850 lei, out of which 19,437,670 shares with the value of 194,376,700 lei, subscribed by the majority shareholder – The Ministry of Energy, Small and Medium Sized Enterprises and Business Environment and 615 shares with the value of 6150 lei, offered for subscription, within the preemption right, to the other shareholders of SNN, namely the shareholders registered at the registration date (22.10.2014), in order to maintain their participation quotas within SNN.

The subscription had the value of 194,382,850 lei and the percentage of allocated shares in the total public offering was of 81.2730%. The value of the share capital of SNN, as a result of this operation is of 3,012,210,410 lei, subscribed and paid by the company's shareholders, corresponding to a number of 301,221,041 shares.

On 5.03.2015 the certificate of recorded amendments was issued by the Trade Register regarding: social capital, number of shares and amendments for legal persons associates and natural and legal persons list. By decision no. 415/11.03.2015 the Financial Supervisory Authority blocked, as a safety measure, for a period of two weeks only, the transfer package of 19,438,285 issued shares as a result of the SNN's capil increase based on the EGMS resolution dated 6.10.2014.

Cernavoda NPP Units 3 and 4 Project

In January and February 2015 the Commission held negotiation meetings to finalize a common negotiating position of the authorities/institutions involved in the proposals of China General Nuclear Corporation (CGN) to amend the Memorandum of Understanding. In early March 2015, the Interministerial Commission approved the position document proposed by the Negotiation

Commission and negotiations on the Memorandum of Understanding were continued.

Once the negotiations on the Memorandum of Understanding will be completed, the document will be submitted for approval by the Negotiation Commission and by the Board of Directors of SNN and respectively the approval of the Interministerial Commission and the SNN's GMS.

After signing the Memorandum of Understanding, negotiations on the Investment Agreement and the Articles of Incorporation will start.

Litigation filed by S.C. Fondul Proprietatea S.A. in connection with the Extraordinary General Meeting of Shareholders Resolution no. 8/6.10.2014

S.C. Fondul Proprietatea S.A. has registered with Bucharest Court of Law the presiding judge's order request that makes the object of file no. 50510/3/2014, request to cancel the execution of the Extraordinary General Meeting of Shareholder Resolution ("EGMS") no. 8/6.10.2014 until the final decision of the action for annulment. The action for annulment of the EGMS no. 8/6.10.2014 is the object of file no. 40046/3/2014 registered by S.C. Fondul Proprietatea S.A. with the Bucharest Tribunal.

In the file no. 40046/3/2014 registered by S.C. Fondul Proprietatea S.A. with the Bucharest Tribunal, on the subject of annulling the Resolution number 8/6.10.2014 of the Extraordinary General Meeting of Shareholders, the first hearing was on 23.02.2015, when the court ordered the postponement of the trial until 4.05.2015.

Update and approval of the Regulation on organizing and unfolding the General Meeting of Shareholders of SNN

SNN has updated and approved the regulation on organizing and unfolding the General Meeting of Shareholders of SNN by decision number 27/20.02.2015 of the Board of Directors, due to changes in capital market

legislation and update of SNN's Articles of Incorporation.

Investment opportunity to ENEL

In septemeber 2014, SNN began analyzing the opportunity arisen from the announced potential disposal of Enel's operations in Romania.

On 25.02.2015, Enel S.p.A. consultants, Citigroup Global Markets Limited and Unicredit S.p.A., have informed SNN about the decision of the Board of Directors of Enel Group to suspend temporarily the sale of assets in Romania. As a consequence, SNN's interest in this transaction may not be materialized.

13. Statements and signatures

Based on the most accurate available information, we confirm that the individual financial statements and the consolidated ones elaborated in compliance with the applicable accounting standards (International Financial Reporting Standards approved by the European Union) provide a correct and true image regarding the financial position of the company and group, financial performance and cash flow for the 2014 financial year and that this report, conducted in accordance with article 227 under Law 297/2004 on the capital market and the Appendix no. 32 to Regulation no. 1/2006 for the financial year ended 31 December 2014, provides a correct and true image regarding 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 unfolded activity.

Alexandru SANDULESCU
President of the Board of Directors

Daniela Lulache
Chief Executive Officer

Mihai Darie
Chief Financial Officer

14. Appendixes





Appendix 1 – Articles of incorporation amended in 2014

In 2014 the Articles of incorporation of SNN amended as follows:

(i) By EGMS resolution number 4/29.04.2014 the modification of SNN's Articles of Incorporation was approved justified by the necessity to implement the corporate governance good practice standards, so that SNN, entered a new stage of development, to be able to comply with the new requirements related to its quality as a company admitted to trading on the BSE. The modification of SNN's Articles of Incorporation aimed mainly, at the following:

1. Clarification of certain provisions of the Articles of Incorporation from the perspective of their alignment with the applicable laws;
2. Establishing the quorum conditions for the validity of the activity of the general meetings of shareholders and the majority conditions necessary for the meetings legality;
3. Addition to the provisions for the rules referring to the bodies competent to convene GMS, to the convening terms and conditions, the convening methods, the convening contents of the meetings;
4. Addition to the provisions referring to the rights and obligations arising from actions;
5. Addition to the provisions referring to the share transfer;
6. Addition to the provisions referring to the tasks and duties of the Extraordinary and Ordinary General Meeting of Shareholders;
7. Addition to the provisions referring to convening, organizing and conducting of the General Meeting of Shareholders;
8. Establishing the conditions for exercising the right to vote in the General Meeting of Shareholders;
9. Addition to the provisions referring to the organization and operation of the Board of Directors
10. Addition to the provisions referring to the Advisory Committees;
11. Clarification and addition to the tasks of the Board of Directors;
12. Clarification and addition to the tasks of the Chief Executive Officer (CEO);
13. Mentioning the obligations of the Board members, of

the CEO and of the managers;

14. Changes aiming at SNN quality as a company admitted to trading on the BSE.

(ii) By EGMS resolution number 3/31.07.2014 the article number 20 of SNN's Articles of Incorporation was modified, establishing the fact that only one executive director can be executive administrator and that the management of the company will be delegated to the Chief Executive Officer.

Appendix 2 – Important contracts concluded by the company in 2014

During 2014, the company reported to Bucharest Stock Exchange a total of 34 reports regarding the transactions with companies where the Romanian State, in its capacity as a major shareholder, exercises direct control, as per art. 225 under Law 297/2004. The complete report of the transactions above mentioned is shown in the following:

Transactions with electricity

No.	Parties of the legal document	Date of the legal document	Type of the legal document	Object description	Total value	Mutual receivables	Issued guarantees	Payment terms and methods	Stipulated penalties
1	Societatea Comerciala Electrica Furnizare S.A	24.01.2014	Contract	Wholesale of electricity in compliance with ANRE Resolution number 3906/20.12.2013	123.828.952,19 lei	SNN receivable to S.C. Electrica Furnizare S.A. at 29.07.2014:	N/A	The payment will be made within 10 financial days from the date of invoice.	Delay penalties whose level of interest corresponds as percentage to the interest due for failing to pay, on the due date, the obligations to the state budget.
2	Transelectrica S.A.	28.02.2014	Regulated contract	Transport services (input into the grid) by Transelectrica S.A	131,036,165.23 lei + VAT	N/A	N/A	Invoices will be issued after delivery, within 15 days, and payment will be made within 10 days from date of invoice.	Delay penalties whose level of interest corresponds as percentage to the interest due for failing to pay, on the due date, the obligations to the state budget.

3	Societatea Comerciala GEN-I Bucharest-Electricity Trading and Sales S.R.L	20.03.2014	Electric power sale-purchase contract	Sale of electric power by SNN	381.039.442 lei	10,028,040.86 lei	N/A	The payment will be made monthly, in advance, with 2 days before the start of the energy delivery.	N/A
4	Societatea Comerciala Electrica Furnizare S.A	14.05.2014	Electric power sale-purchase contract	Sale of electric power by SNN	135.119.121,90 lei	SNN receivable to S.C. Electrica Furnizare S.A. at 16.05.2014: 12,406,914.01 lei	40.443.084 lei	The payment will be made monthly on the 15th of the month following the electric power delivery contractual month.	Delay penalties whose level of interest corresponds as percentage to the interest due for failing to pay, on the due date, the obligations to the state budget.
5	Societatea Comerciala Electrica Furnizare S.A.	25.06.2014	Addendum to the energy sale-purchase contract number 526 /31.12.2013	Update of the energy sale prices for the energy sold by SNN and bought by S.C. Electrica Furnizare S.A., in compliance with the provisions of ANRE Resolution number 1408/18.06.2014	Positive difference of income from the sale of energy in the period of time 01.07.2014 - 31.12.2014: 3,377,546.63 lei	SNN receivable to S.C. Electrica Furnizare S.A. at 30.06.2014: 31,553,270.28 lei	N/A	N/A	N/A

6	Societatea Comerciala Electrica Furnizare	14.11.2014 si respectiv 17.11.2014	Electric power sale-purchase contract	Sale of electric power by SNN	50.757.630,00 lei	SNN receivable to S.C. Electrica Furnizare S.A. at 17.11.2014: 16,665,256.34 lei	The buyer S.C. Electrica Furnizare S.A. will issue guarantees in favour of SNN which will be submitted with at least two work days before the start of the deliveries.	S.C. Electrica Furnizare S.A shall pay on the due date defined as the date of 15th of month preceding the electric power delivery month.	N/A
7	Societatea Comerciala Electrica Furnizare	19.11.2014	Electric power sale-purchase contract	Sale of electric power by SNN	28.999.980,00 lei	SNN receivable from S.C. Electrica Furnizare S.A. at 20.11.2014:	The buyer S.C. Electrica Furnizare S.A. will issue guarantees in favour of SNN which will be submitted with at least two work days before the start of the deliveries.	S.C. Electrica Furnizare S.A shall pay on the due date defined as the date of 15th of month preceding the electric power delivery month.	N/A

8	S.C. Electrica Furnizare S.A.	26.11.2014	Electric power sale-purchase contract	Sale of electric power by SNN	14,598,540 lei	SNN receivable from S.C. Electrica Furnizare S.A. at 25.11.2014: 12,789,388.34 lei	1,099,890 lei	S.C. Electrica Furnizare S.A shall pay on the due date defined as the date of 15th of month preceding the electric power delivery month.	N/A
9	S.C. Electrica Distributie Transilvania Sud S.A	27.11.2014	Electric power sale-purchase contract	Sale of electric power by SNN	660.300 lei	16,665,256.34 lei	N/A	S.C. Electrica Distributie Transilvania Sud S.A. shall pay on the due date defined as the date of 2nd December 2014.	N/A
10	S.C. Electrificare C.F.R. S.A	12.12.2014	Electric power sale-purchase contract	Sale of electric power by SNN	7,498,998 lei	N/A	N/A	S.C. Electrificare C.F.R. S.A shall pay in advance, on the due date defined as the date of 27th of month preceding the electric power delivery month.	Delay penalties whose level of interest corresponds as percentage to the interest due for failing to pay, on the due date, the obligations to the state budget.

11	S.C. Electrica Furnizare S.A.	19.12.2014	Addendum to the energy sale-purchase contract number 526/ 31.12.2013	Update of the quantities and energy sale prices for the energy sold by SNN and bought by S.C. Electrica Furnizare S.A., in compliance with the provisions of ANRE Resolution number 2719/ 15.12.2014	131,190,391.56 lei	SNN receivable from S.C. Electrica Furnizare S.A. at 22.12.2014: 12,442,788.69 lei	N/A	S.C. Electrica Furnizare S.A. will make the payment within 10 financial days, since the issuance of the invoice, with a 15 days grace period.	Delay penalties whose level of interest corresponds as percentage to the interest due for failing to pay, on the due date, the obligations to the state budget.
----	-------------------------------	------------	--	--	--------------------	---	-----	---	---

Public procurement

No.	Parties of the legal document	Date and number of the legal document	Type of the legal document	Object description	Total value	Mutual receivables	Issued guarantees	Payment terms and methods	Stipulated penalties
1	SNN SA (pentru Sucursala CNE Cernavoda) – Regia Autonoma RASIROM	10.01.2014 /6	Contract	Assessment of the physical protection system of Cernavoda NPP	284.481,97 Lei	N/A	N/A	30 days	0,4% per day of delay

2	SNN SA - Regia Autonoma Tehnologii pentru Energia Nucleara – Institutul de Cercetari Nucleare (RATEN ICN)	14.01.2014 /32	Addendum number 2 to the subsequent contract number 3 to the framework agreement number 146/2011	Radioactive water treatment services	232,000*) *)Includes price increases agreed by the subsequent contract number 2 as a result of increasing the amount of radioactive waters subject to treatment service delivery by precipitation with trisodium phosphate and ammonia, followed by decantation, filtration and drying.	N/A	GBE 23.200 lei	30 days	Penalitati stipulate 0,4% pe zi 0,04% pe zi
3	SNN SA – Administratia Nationala „Apele Romane”	31.01.2014 /120	Subscription	Use/exploitation of surface water and/or underground resources: use of water from the Danube for the NPP	60.216.000 Lei	N/A	N/A	30 days	Delay penalty : 0,04% per day of delay plus delay penalties of 0,02% per day of delay

4	SNN SA – Administratia Bazinala de Apa Dobrogea Litoral	31.01.2014 /121	Addendum number 3 to abonament number 82/2011 (RUEC Nr. 163)	Use/exploitation of water resources – Receive wastewater in resource	Value of the Addendum: 11,513,379.42 lei Cumulated value per abonament: 43,192,739.85 lei	N/A	N/A	30 days	delay plus late fees as follows: 0% in the first 30 days; 5% in the next 60 days; 15% more than 90 days
5	SNN SA – Compania Nationala a Uraniului SA”	7.02.2014/ 118	CONTRACT	Supply of sintered UO2 uranium powder	22.549.042,68 Lei	N/A	GBE 1.127.452, 13 Lei	15 zile	0,06 % per day of delay
6	SNN SA – Regia Autonoma Tehnologii pentru Energia Nucleara – Institutul de Cercetari Nucleare (RATEN ICN)	24.02.2014 /250	Addendum number 3 to the contract number 1360/2012	Alfa/beta global analysis service-sand determinations of isotopes Pu, Am and U on samples from Cernavoda NPP – contract price adjustment	Value of the Addendum: 9,684 lei Cumulated value per contract: 385,572 lei	N/A	N/A	30 days	0,04 % per day of delay
7	SNN SA – Regia Autonoma Tehnologii pentru Energia Nucleara – Institutul de Cercetari Nucleare (RATEN ICN)	25.03.2014/351	Subsequent contract number 1 to the framework agreement number 350	Radioactive water treatment services from manufacturing processes of UO2 pills, powders and pills control from FCN Pitesti branch	234.080 Lei	N/A	GBE 23.408 Lei	30 zile	0,06 % per day of delay
8	SNN SA – Compania Nationala a Uraniului SA	09.04.2014/434	Contract	Supply of 660 tons of natural sintered UO2 uranium powder	313.500.000 Lei	N/A	GBE 15.675.000 Lei	15 days	0,06 % per day of delay

9	SNN SA – Compania Nationala Administratia Canalelor Navi- gabile”	7.05.2014 / 554	Transaction	Services of water transit to Canal Pool I- II CDMN	389.844,29 Lei	Receivable: 517.13 lei Debt: 220,690.54 lei	N/A	35 days since the receipt of the recep- tion protocol related to the works per- formed	0,1 % per day of delay
10	SNN SA – Compania Nationala a Uraniului	26.05.2014/651	Subsequent contract number 4 to the framework agreement number 148/17.02.2012	Nuclear materials processing ser- vices uncompl- iant with natural uranium	4.684.190 Lei	Debt: 11,576,842.15 lei	GBE 234.209,50 lei	30 days	0,1 % per day of delay
11	SNN SA – In- stitutul National de Cercetare – Dezvoltare pen- tru Tehnologii Criogenice si Izotopice (ICSI RM. VALCEA)	06.06.2014/714	Addendum number 10 to the framework agreement number 22092/2007	Design services, consulting, technical assis- tance needed for the target location and building “Heavy water detritia- tion installation for Cernavoda NPP” – Addi- tional services to the contract 22092/2007 and to the addendum 1-9	6.011.851 Lei	560.311,36 Lei	GBE 30.059,25 Lei	30 days since the receipt of the reception protocol and of the works performed	0,1 % per day of delay
12	SNN SA – Compania Nationala Administratia Canalelor Navi- gabile	02.07.2014/820	Addendum number 1 to Contract no. 554/07.05.2014	Services of water transit to Canal Pool I- II CDMN	Value of the Addendum: 80,982 lei Cumulated val- ue per contract: 470,826.29 lei	Debt: 112,401.99 lei	N/A	35 days after the invoice issuance date	0.1 % per day of delay

13	SNN SA – Compania Nationala Administratia Canalelor Navi- gabile	02.07.2014/821	Services Contract	Services of water transit to Canal Pool I- II CDMN	510.174 lei	Debt: 112.401,99 lei	N/A	30 days after the invoice receipt confir- mation date	0.06 % per day of delay
14	SNN SA – RATEN - CI- TON	30.07.2014/967	Contract	Development ser- vices “Technical project as-built” for investment objects of FCN Pitesti Branch	440.000 lei	Debt: 39,601.22 lei	N/A	30 days since the receipt of the recep- tion protocol related to the works performed, signed without objections by both parties	0,06 % per day of delay
15	SNN SA – Inspectia de Stat pentru Controlul Cazanelor, Recipientelor sub presiune si instalatiilor de ridicat (ISCIR)	10.10.2014/1172	Addendum No. 6 to the agree- ment number 2419/2008	Technical ex- aminations and other activities performed to the facilities within the nuclear objec- tives stipulated in Appendix 3 to Law 64/2008	Value of the Addendum: 250,000 Lei	N/A	N/A	15 calendar days from the invoice registration date with the Beneficiary	The amount set out by laws for the budgetary debts
16	SNN SA – Re- gia Autonoma Tehnologii pentru Energie Nucleara prin Centrul de Inginerie Teh- nologica pentru Obiective Nu- cleare (RATEN CITON)	26.11.2014/1418	Framework agreement	Complete engi- neering services for the develop- ment of a mon- itoring program of the vibrations of the pipes of Cernavoda NPP (Units 1 and 2)	1.838.136 lei	Debts: 361,646.00 lei	10 % of the amount of which subsequent contract	30 days since the receipt of the invoice, accompanies by the recep- tion protocol related to the works performed, signed without objections by both parties	0,06 % per day of delay

Term deposits with the Import-Export Bank of Romania EXIMBANK SA-Bucharest based on the current account framework contract no. 499S1/30.04.2014

No.	Type of deposit	Deposit placed on	Due date	Amount	Interest rate
1	Term deposit	21.07.2014	21.10.2014	20.000.000 lei	2% / year
2	Term deposit	28.07.2014	28.10.2014	60.000.000 lei	2% / year
3	Term deposit	09.09.2014	09.12.2014	20.000.000 lei	2% / year
4	Term deposit	21.10.2014	21.11.2014	20.000.000 lei	2% / year
5	Term deposit	28.10.2014	05.01.2015	60.000.000 lei	2% / year
6	Term deposit	21.11.2014	21.01.2015	20.000.000 lei	1,5% / year
7	Term deposit	09.12.2014	09.02.2015	20.000.000 lei	1,53% / year

Appendix 3 – Appointment/revocation documents in 2014

Ms. Elena Negulici, Economic Director ceased her period of detachment within SNN Executive Headquarters and returned to the position previously held at CNE Cernavoda Branch, simultaneously with the recruitment of Mr. Mihai Darie for the position of Chief Financial Officer, in accordance with article 2, point 5 and article 35 of the Emergency Ordinance 109/2011 on corporate governance and article 143 of Law 31/1990. Mr. Darie was appointed CFO based on the decision of the Board of Directors dated 24.01.2014. Starting with 01.02.2014, Mr. Darie began work as CFO.

Mr. Ionel Bucur has been dismissed from the position of executive member in the Board of Directors by the OGMS resolution number 9/6.10.2014, due to changes in article 20 of the Articles of incorporation of SNN.

On 30.10.2014, Ms. Alina Dragan was appointed temporary member in the Board of Director of SNN based on the decision of the Board of Directors number 157/30.10.2014, until the appointment of a new administrator selected according to the Emergency Ordinance 109/2011.



Appendix 4 – List of headquarters

SN Nuclearelectrica S.A.had the headquarters in Bucharest 65 Polona Street, District 1.

Appendix 5 – List of subsidiaries

SN Nuclearelectrica SA has two subsidiaries without legal person, as follows:

- Cernavoda NPP Subsidiary based in Cernavoda, 2 Medgidiei Street, Constanta county, registered at the Trade Registry with the number J13/3442/11.10.2007, which operated Cernavoda NPP Units 1 and 2 as well as the auxiliary structures
- FCN Pitesti Subsidiary based in Mioveni, 1 Campului Street, Arges county, registered at the Trade Registry with the number J03/457/24.08.1998, which manufactures nuclear fuel bundles necessary for the operation of Cernavoda NPP Units 1 and 2.



Appendix 6 – List of the company’s branches

At 31.12.2014, SNN owns participation rights within a single enterprise (branch), with a percentage of 100%, which was established for the development and implementation of the Project “Cernavoda NPP – Units 3 and 4”.

Energonuclear SA is registered at the Trade Registry under the number J40/3999/25.03.2009, with the sole registration code 25344972; the main activity of Energonuclear SA consists in engineering and technical consultancy services – CAEN Code 7112.

Appendix 7 –List of the entities affiliated to the company

The entities affiliated to the company are:

- a) Energonuclear SA Branch
- b) Toate societatile sau entitatile (institute, autoritati etc) cu capital majoritar de stat sau controlate de stat, cu care SNN are relatii comerciale. All the companies and entities (institutes, authorities, etc) with major state owned capital with whom SNN has commercial relations.

Appendix 8 - List of litigations at 31.12.2014

No.	File no.	Litigation type/ Court of law	SNN's Capacity	Parties	Value	Status	Description	Hearing
SNN Executiv								
1	3868/118/2012	Civilian Constanta Tribunal	Creditor	S.C. PROCONEX UNIVERSAL S.RL.	Receivable: 3,369,886.85 lei	Merits on the case	Insolvency Bankruptcy – simplified procedure	Next hear- ing after 31.12.2014: 12.01.2015
2	27406/3/2012	Civilian High Court of Cassation and Justice	Plaintiff Creditor	SC Tinmar Ind S.A.	Delay penal- ties, transportation tariff (TG) and legal interest admitted: 1,286,326.78 lei and 18,345.23 lei as court costs.	Retrial to Bucharest Court of Appeal	Merits on the case: (Bucharest Tribunal) Partially admits SNN's summoning. Tinmar Ind S.A. is obliged to pay to SNN the amount of 1,230,780.39 lei and 16,423.80 lei as court costs. Appeal (Bucharest Court of Appeal): Partially changes the sentence. In addition to the merits on the case Tinmar Ind S.A. is obliged to pay to SNN the amount of 55,546.39 lei and 555.47 lei as court costs in addition to the merits on the case and 1365.96 lei as appeal judgement costs. Retrial (High Court of Cassation and Justice): admits the appeal, quash the decision of the Court of Appeal and sends the file to Bucharest Court of Appeal for retrial.	The retrail will be established.

3	33659/3/2012	Civilian Constanta Tri- bunal	Plaintiff	Cernavoda Hall	Court costs 336,707.37 lei	Appeal	Merits on the case: (Cernavoda Court of Law) Cernavoda Hall is obliged to pay the amount of 50,000 lei as court costs - representing attorney fee for the file related to pollution tax. SNN issued an appeal. Appeal: Rejects the appeals as ungrounded. Resolution no. 357/11.11.2014. Retrial.	The decision on the merits on the case is expected.
4	2183/115/2010	Civilian Caras-Severin Tribunal	Creditor	CET Energoterm Resita S.A.	Receivable 580,974.21 lei	Merits on the case	Insolvency Bankruptcy	19.02.2015
5	1867/90/2010	Civilian Valcea Tribunal	Creditor	Total Electric Olte- nia SA	Receivable 198,602.5 lei	Merits on the case	Insolvency Bankruptcy	28.01.2015
6	3260/118/2007	Civilian Constanta Tribunal	Creditor	Hidrocora SRL	Receivable 6,641.91 lei	Merits on the case	Insolvency Bankruptcy Final consolidated table; distribu- tions according to the reorganization plan. Third installment was paid in the amount of 267.87 lei.	19.01.2015
7	48031/299/2010	Criminal Court of Law Sector 1	Civil Party	Rotaru Ioan, Ispas Gh, Irimie Traian TESS civil party	Damage 13,493,080.3 lei	Merits on the case	Indictment – corruption crimes – abuse of office. Accounting ex- pertise has been conducted on the determination of injury. It was decided to request completion DNA expert report.	21.01.2014

8	35455/3/2013	Civilian Bucharest Court of Appeal	Respondent – Defendant	Transelectrica	Penalties 646,270.87 lei	Appeal	Merits on the case: Partially admits the summoning. Obliges SNN to pay to the plaintiff the amount of 10.44 lei as penalties. Rejects the others claims of the plaintiff, as prescribed. Obliges SNN to pay to the plaintiff the amount of 1 leu as court costs. Appeal: Admits the appeal. Partially cancels the rulling sentence. Dismisses the prescription excep- tion as ungrounded. Sends the file for retrial of claims for which the prescription exception on the merits on the case was admitted to the same court of law. Unappeal- able.	Next hearing to be decided by Bucharest Tribunal – on the merits on the case - retrial
9	8244/299/2014	Civilian Court of Law Sector 1	Plaintiff	Transelectrica	40.494,41 lei	Merits on the case	Claims for the amount of 40,494.41 lei as legal interest due to late pay- ment of bills.	05.01.2015
10	9089/101/2013	Civilian Mehedinti Tri- bunal	Creditor	RAAN	Receivable reorganization plan 5,450,135.91 lei	Merits on the case	Insolvency SNN requested receivable in the amount of 7,828,405.48 lei. Accord- ing to the reorganization plan SNN will receive 5,450,135.91 lei in two years. Judicial Administrator Tudor & Associates SPRL	22.01.2015
11	7238/120/2012	Civilian Dambovita Tri- bunal	Creditor	Eco Energy	Receivable 2,464,059.64 lei	Merits on the case	Bankruptcy – simplified procedure	09.02.2015

12	22456/3/2012*	Civilian Bucharest Tribunal	Creditor	Hidroelectrica S.A.	Receivable 70,093,550.47 lei	Merits on the case	Insolvency – reorganization. An agreement on 24 months was signed with the debtor, under which it pays monthly instalments until the settlement of the claim. So far it has executed this obligation.	25.02.2015
13	47741/299/2014	Civilian Court of Law Sector 1	Plaintiff	S.C.MAC 3 SRL	6.315 lei	Merits on the case	Penalties as a result of the failure to conclude the subsequent contract.	16.02.2015
14	25195/299/2014	Civilian Court of Law Sector 1	Plaintiff	Enol Grup S.A.	121.369,03 lei	Merits on the case	Penalizing legal interest to the termi- nation compensation of the electric power sale-purchase contract. Admits the exception of lack of capacity of Sector 1 Court of Law invoked by the court of its own mo- tion. Declines jurisdiction of the ap- plication of the summons in favour of the Bucharest Tribunal – Admin- istrative legal department section – resolution no. 18940/3.11.2014.	Next hearing to be decided by Bucharest Tribunal.
15	27072/299/2014	Civilian Court of Law Sector 1	Plaintiff	AXPO Energy Romania S.A.	Penalties 181,944.12 lei + stamp duty 2,305.67 lei	Merits on the case	Merits on the case: Admits the appeal as it was specified. Obligated the defendant to pay to the plaintiff the amount of 181,944.12 lei rep- resenting delay penalties. Obliges the defendant to pay the amount of 2,305.67 lei as court costs as judicial stamp duty. Right to appeal within 30 days from notice. Resolution no. 19199/6.11.2014.	Uncommuni- cated sentence on the merits on the case.

16	26128/299/2014	Civilian Court of Law Sector 1	Defendant	Fondul Proprietatea S.A.	Court costs 47,190.64 lei representing attorney fees in Electra merger file (62357/3/2010)	Merits of the case	Partially admits and obliges SNN to pay 39,962.42 lei as court costs related to the file no. 62357/3/2010 and 1,803.87 lei as court costs. Resolution no. 16583/ 07.10.2014 With appeal.	Uncommunicated sentence on the merits on the case.
17	10822/256/2014	Civilian Medgidia Court of Law	Plaintiff	Cernavoda City and Mayor of Cernavoda	Court costs 6,200 lei	Merits of the case	Court costs in the amount of 6,200 lei paid to the lawyer Budes for retrial the file no. 1313/36/2011.	20.04.2015
18	29322/3/2014	Civilian Bucharest Tribunal	Plaintiff	Ennet Grup SA	Receivable 226,868.81 lei	Merits of the case	Insolvency Bankruptcy	23.03.2015
19	39165/3/2014	Civilian Bucharest Tribunal	Plaintiff	Repower Furnizare Romania SRL	320.377,75 lei	Merits on the case	Delay penalties for electric power sale-purchase contracts and remunerative interest for delayed payment of installments due to the termination of the electric power sale-purchase contracts	02.03.2015

20	3793/2/2013	Administrative High Court of Cassation and Justice	Respondant	Greenpeace CEE Romania	Annulment of the environmental agreement for the Cernavoda NPP's Units 3 & 4 Project	Appeal	Merits on the case: Admits the exception of the lack of object of the second head of the initially formulated claim (the annulment of the environmental agreement for "The continuation of construction and completion works at Cernavoda NPP Units 3 and 4") Appeal: Rejects the second head of the initially formulated claim regarding the annulment of the environmental agreement for "The continuation of construction and completion works at Cernavoda NPP Units 3 and 4" as lack of object. Rejects the rest of the claim, as it was supplemented by the additional claim, as ungrounded. Resolution no. 1436/09.05.2014.	Next hearing to be established by the court.
21	873/1259/2008	Civilian Arges Tribunal	Creditor	Termoficare 2000 SA	Receivable 2,713,986.71 lei	Merits on the case	Insolvency Bankruptcy	24.03.2015
22	18770/3/2007	Civilian Bucharest Tribunal	Creditor	Condem S.A	Receivable 2,446,227.08 lei	Merits on the case	Insolvency Bankruptcy	18.02.2015

23	11661/3/2014	Civilian Bucharest Court of Appeal	Defendant	S.C. Fondul Proprietatea S.A.	Acknowledgement of the absolute nullity of the EGMS resolution no. 1/11.03.2014	Appeal	Merits on the case: Bucharest Tribunal rejected Fondul Proprietatea's appeal admitting the exception of lack of interest related to the appeal. Appeal: Admits the appeal. Cancels the appealed sentence and sends the file for retrial to the same court of law. Unappealable. Document: Resolution no. 1186/2014 08.12.2014.	NA
24	416/2/2014	Administrative Bucharest Court of Appeal	Plaintiff	National Regulatory Authority for Energy	Change of regulated tariffs by decision no. 3609/2013	Merits on the case	Merits on the case: On 14.10. 2014 SNN's appeal is rejected as ungrounded. With appeal.	Uncommunicated sentence on the merits on the case.
25	10799/4/2014	Civilian Court of Law Sector 4	Appellant	Chirica Teodor	96.055,87 lei	Merits on the case	Challenge on enforcement / suspends the enforcement.	02.02.2015
26	48210/299/2014	Court of Law Sector 1	Appellant	Chirica Teodor	80.189 lei	Merits on the case	Challenge on enforcement / suspends the enforcement.	16.01.2015
27	21040/299/2014	Administrative Court of Law Sector 1	Appellant	National Authority for Regulating and Monitoring Public Procurement	Complaint about the record of findings in regards to contraventions Fine 30.000 lei	Merits on the case	Merits on the case: Rejects SNN's claim as ungrounded. With appeal in 30 days from notice.	Uncommunicated sentence on the merits on the case.
28	6850/3/2014	Labor litigation Bucharest Tribunal	Defendant	Marcuta Mihai	Appeal against the decision to suspend the labor contract	Merits on the case	Appeal against the decision to suspend the labor contract until the irrevocable criminal trial in which he was convicted.	23.01.2015

29	33243/3/2014	Labor litigation Bucharest Tri- bunal	Defendant	Ivascu Tiberiu	Appeal against the decision to dismiss and obliges to pay compensation.	Merits on the case	Appeal against the decision to dismiss and obliges to pay compen- sation.	Next hearing to be established by the court.
30	40046/3/2014	Civilian Bucharest Tri- bunal	Defendant	Fondul Proprietatea	Acknowledge- ment of the absolute nullity of the EGMS resolution no. 8/6.10.2014	Merits on the case	Acknowledgement of the absolute nullity of the EGMS resolution no. 8/6.10.2014 regarding the increase of the share capital of SNN S.A. by cash contribution contribution by issuing shares and mentions the court decision to the Trade Registry and cancels the mentions based on the canceled EGMS resolution.	Next hearing to be established by the court.
31	40510/3/2014	Civilian Bucharest Tri- bunal	Defendant	Fondul Proprietatea	Presiding judge's order	Merits on the case	Presiding judge's order – sus- pension of the implementation of EGMS resolution no. 8/6.10.2014 until the final settlement of the file 40046/3/2014 (appeal against the absolute nullity of the EGMS resolu- tion no. 8/6.10.2014)	21.01.2015
32	8308/95/2014	Labor Gorj Tribunal	Defendant	Dobrota Dumitru	Labor litigation	Merits on the case	Calls for management indemnity 30% of the salary for the period when he held the position of FCN Pitesti branch manager.	Next hearing to be established by the court.
33	7416/2/2014	Bucharest Court of Appeal	petent	Vodafone Romania Telekom Romania	Appeal against the decision to suspend CNSC settlement of the appeal.	Merits on the case	SNN claimed the annulment of CNSC decision of suspending the settlement of the appeal.	15.01.2015
Cernavoda NPP Subsidiary								
1	10948/118/ 2008	Civilian Constanta Tri- bunal	Creditor	SC DETACAN SA	Receivable 41,185.28 lei	Merits on the case	Insolvency Bankruptcy – simplified procedur	23.02.2015

2	3869/118/ 2009	Civilian Constanta Tri- bunal	Creditor	SC CLS SA	Receivable 14,872.81 lei	Merits on the case	Insolvency Bankruptcy – simplified procedure	16.02.25014
3	6034/118 /2012	Civilian Constanta Tri- bunal	Creditor	SC KATON NUL- CLEAR SA	Receivable 77,349 lei	Merits on the case	Reorganization procedure.	23.01.2015
4	10673/118/ 2010	Civilian Constanta Tri- bunal	Defendant	SAVA MARIAN		Merits on the case	Exhaust land associated with pipelines for the heat; payment of compensation.	05.02.2015
5	4210/256/ 2014 disjuns din 14951/118/ 2011 (suspen- dat in baza art. 36 din Legea 85/2006)	Civilian Constanta Tri- bunal	Plaintiff	SC CAR CON- STRUCT SRL / SC CNE SA	N/A	Appeal	Request leaving full ownership and possession of the surface of 2587 sm, located at Cernavoda NPP platform, bordering reactor no. 5 of Cernavoda NPP, Constanta coun- try. According to art. 36 of Law no. 85/2006 (Insolvency Law): court case was suspended. We appealed against the decision of concluding the suspension. Appeal allowed in part, with the consequence of continuing the judgment against SC CNE SA. Merits on the case: (Medgidia Court of Law) discussed the exceptions appealed by SC CNE SA – lack of passive procedural capacity; nullity of thr appeal etc. and admitted them through the letter no. 964/10.06.2014. SNN appealed the sentence which was admitted. By the conclusion dated 11.12.2014, the appealed sentence was quashed and the case was detained for trial on the merits on the case.	19.02.2014

6	1275/118/2012	Civilian Constanta Tribunal	Plaintiff	Cernavoda City and Mayor of Cernavoda	N/A	Appeal	Finding ownership rights related to "Land of the overall 800 apartments" Merits on the case: (Constanta Court of Law): appeal rejected as ungrounded through the letter no. 1741/25.06.2013. We appealed. We invoked the exception of illegality of Cernavoda Local Council decision on the bases on which Cernavoda Hall intabuleted the land related to the assembly of "800 apartments". The administrative legal department section admitted the illegality of Cernavoda Local Council decision.	06.01.2015
7	11481/212/2006	Civilian Constanta Court of Law	Plaintiff	IOSIF STELIAN ILIE	N/A	Merits on the case	Eviction request of family Iosif from the service apartment in Constanta, block B13, apart. 1/ Merits on the case: At the hearing dated 09.12.2014, the eviction request was admitted.	Next hearing for retrial is expected
8	3657/256/2013	Civil Tribunalul Constanta	Reclamant	TUDOSE ALEXANDRU, PREDOIU BOGDAN, PURCAREA GICA, LAUDATU IOANA, etc	N/A	Appeal	Claim request section T1, Cernavoda Merits on the case: (Medgidia Court of Law): the appeal was admitted through letter no. 1020/16.06.2014. We appealed.	Next hearing for retrial is expected
9	4869/256/2014	Civilian Constanta Tribunal	Plaintiff	SC CNE SA	N/A	Appeal	Land area eviction request, land area of about 579 sqm, SNN's property. Merits on the case: the appeal was admitted through letter no. 2545/27.11.2014. We appealed.	Next hearing for retrial is expected

10	4755/256/ 2011	Civilian Constanta Tribunal	Plaintiff Respondant	ENESCU MARIA	22.019 lei	Appeal	Request claims – recovery of the amount representing damages as a result of failure to release the service apartment. Merits on the case: SNN’s appeal was admitted through letter no. 3897/14.11.2014. We appealed	24.02.2015
11	877/256/ 2013 7867/118/2014	Constanta Tribunal	Plaintiff Appellant	PURCAREATA IONEL	4.086 lei	Appeal Appeal for annulment	Claims – recovery of the amount of 4,086 lei representing utilities and rent for the period April 2012 - December 2012. Merits on the case (Medgidia Court of Law): the appeal was rejected as unproven through the letter no. 2253/25.10.2013 Appeal (Constanta Tribunal): the appeal was rejected through dc. 687/30.10.2014. We filed an appeal for annulment, as in similar cases, between the same parties but for different periods court’s decisions were to admit the actions.	04.02.2015

12	878/256/ 2013 7868/118/2014	Constanta Tribunal	Plaintiff Appellant	SAPLACAN DAN	4.784 lei	Appeal Appeal for annulment	laims – recovery of the amount of 4,784 lei representing utilities and rent for the period April 2012 - De- cember 2012. Merits on the case (Medgidia Court of Law): the appeal was reject- ed as unproven through the letter no.2254/25.10.2013. Appeal (Constanta Tribunal): the appeal was rejected through dc 688/30.10.2014. We filed an appeal for annulment, as in similar cases, between the same parties but for dif- ferent periods court's decisions were to admit the actions.	04.02.2015
13	6812/256/ 2014	Civilian Medgidia Court of Law	Plaintiff	SAPLACAN DAN	11.295,18 lei	Merits on the case	Claims – recovery of the amount of 11,295.18 lei representing utilities and rent for the period January 2013 - April 2014	15.01.2015
14	6813/256/ 2014	Civil Judecatoria Med- gidia	Reclamant	ICHIM VICTOR	4.268,99 lei	Fond	Claims – recovery of the amount of 4,268.99 lei representing utilities and rent for the period January 2013 - May 2014	08.01.2015
15	6814/256/ 2014	Civilian Medgidia Court of Law	Plaintiff	PURCAREATA IONEL	7.360,81 lei	Merits on the case	Claims – recovery of the amount of 7,360.81 lei representing utilities and rent for the period January 2013 – February 2014	08.01.2015

16	3817/118/ 2014	Labor litigation Constanta Court of Appeal	Defendant	MIHALACHE GABRIEL	Counter value in the amount of 12 compen- satory salaries according to CCM/2009	Appeal	Labor litigation – SNN was obliged to pay the 12 compensatory salaries due to the termination of the individ- ual labor contract by decision of the medical expertise bodies - art. 6.39 CCM/2009. Merits on the case (Constanta Tribu- nal): admitted the appeal considering that the plaintiff's situation falls within the provisions of art. 6.39 from CCM/2009 and rejected SNN's obligation to pay the court costs through letter 2918/20.10.2014. We appealed	Next hearing is expected.
17	3677/118/ 2014	Labor litigation Constanta Tri- bunal	Defendant	TARCATU AUREL, SMIRA MIRCEA, GALBINASU NICOLAE, etc.	N/A	Merits on the case	Labor litigation – providing group I for the period 1987-1995	12.02.2015
18	4073/118/ 2014	Labor litigation Constanta Tri- bunal	Defendant	TARCATU AUREL, SMIRA MIRCEA, GALBINASU NICOLAE, etc.	N/A	Merits on the case	Labor litigation – providing special working conditions for the period 2001-present	16.02.2015
19	6054/118/ 2014	Labor litigation Constanta Tri- bunal	Defendant	GHEORGHE CRISTINEL ROSU	N/A	Merits on the case	Labor litigation – appeal against the decision to terminate the labor contract	14.01.2015

20	668/36/2014	Civilian Constanta Court of Appeal	defendant	ICHIM VICTOR	N/A	Appeal for annulment	Obligation to conclude the sale-purchase contract for the intervention house occupied by Victor Ichim. Merits on the case. The appeal was rejected. By civil decision no. 264/29.09.2014 pronounced in the civil file no. 6200/256/2011 Victor Ichim's appeal was rejected. Appeal for annulment in the file no. 264/29.09.2014.	Next hearing to be established by the court.
----	-------------	--	-----------	--------------	-----	-------------------------	--	--

FCN Pitesti Subsidiary

1	22981/280/2013	Civil Tribunal Pitesti	Parat	SC Construct ECI Company 2000 SRL	creanta 32.073,29 lei	Apel	contravaloare materiale suplimentare folosite la obiectiv constructie hala	12.01.2015
---	----------------	---------------------------	-------	--------------------------------------	--------------------------	------	--	------------

Litigation completed during 2014

No.	File no.	Litigation type	SNN's Capacity	Parties	Value	Description
1	11666/3/2014	Presiding judge's order	Respondent	S.C. Fondul Proprietatea S.A.	Presiding judge's order claiming the annulment of EGMS resolution no. 1/11.03.2014	Merits on the case: Bucharest Tribunal rejected Fondului Proprietatea's appeal Appeal: Court of Appeal dismissed the appeal as unfounded.
2	9583/3/2014	Motion to intervene	Respondent	S.C. Fondul Proprietatea S.A.	Motion to intervene – rejection of registration with the Trade Register of EGMS resolution no. 1/11.03.2014	Merits on the case: Bucharest Tribunal dismissed Fondului Proprietatea's appeal.

3	6561/2/2012	Partial annulment of completion no. 89 / 02.08.2012	Respondent	Romanian Court of Accounts	Annulment of the completion for the implementation of measures to capitalize the findings of the inspection no. 4739/16.05.2012.	Merits on the case: Bucharest Court of Appeal dismissed the action brought by the Company, and the latter filed an appeal. Appeal: High Court of Cassation and Justice (ICCJ) dismissed the appeal brought by the company.
4	35095/3/2014	Enforcement clarification	Respondent	Chirica Teodor	Enforcement clarification; Request to clarify the meaning of the Civil Decision no. 3953/2013.	Merits on the case: Bucharest Tribunal rejected the appeal of SNN
5	19585/3/2013	Claims	Plaintiff	Ennet Grup SRL	Claims in the amount of 1,142,898.52 lei representing unpaid invoices and delay penalties.	Merits on the case: Bucharest Tribunal approved the appeal of SNN

6	5120/3/2013	Civilian High Court of Cassation and Justice	Recurrent	Electrica Furnizare	Penalties claims 1,351,455.56 lei	<p>Merits on the case: Admits SNN's appeal.</p> <p>Rejects defendant's counterclaim and obliges the defendant to pay the plaintiff 1,351,455.56 lei, as delay penalties and 17,630 lei as court costs.</p> <p>Appeal: Entirely changes the sentence, rejects SNN's petition as ungrounded and admits the counterclaim.</p> <p>Cancels article 13, paragraph 3 and 4 only in terms of reference to penalties from the contract no. 55/2012, forcing SNN to pay to the defendant ELECTRICA FURNIZARE the amount of 1,408,131.85 lei as paid penalties and 36,105.8 lei expenses (merits on the case and appeal).</p> <p>Appeal: Admits SNN's appeal and changes the ruling decision in the sense that it rejects the appeal of the respondent Electrica Furnizare against the sentence no. 6439 / 1.11.2013 delivered by the Bucharest Tribunal.</p>
7	1445/118/2012	Civilian Constanta Tribunal	Plaintiff	Cernavoda City Hall through its mayor, Cernavoda Local Council, Seimeni Local Council, Constanta County Council etc.	<p>Retrial on the merits of the case</p> <p>Obligation to sign the proximity reception protocols in order to complete the procedure according to HG 834/1991 – land related to hot water discharge channel.</p>	<p>Merits on the case (Constanta Tribunal): the appeal was approved through letter 464/CA/31.01.2013</p> <p>Appeal: The Court ordered the case to be rejudged, with the view to take into consideration the land ownership documents held by Seimeni village.</p> <p>Rejudge: (Constanta Tribunal) we raised the plea of illegality of Seimeni Local Council resolution under which they tabulated the land associated with the hot water discharge channel. The court ordered the rejection of the plea of illegality, respectively, dismissed on the merits on the case the action as per the civil sentence.</p>

8	3663/2/2013	High Court of Cassation and Justice	Defendant	Greenpeace CEE Romania	Suspension of the decision regarding the issuing of the environmental agreement and the suspension of the environmental agreement for the Cernavoda NPP's Units 3 & 4 Project.	The appeal was rejected by ICCJ.
---	-------------	-------------------------------------	-----------	------------------------	--	----------------------------------

Judgments in the period 01.01.2015 - 10.03.2015

No.	File no.	Litigation type	SNN's Capacity	Parties	Value	Status	Description
1	7867/118/2014	Appeal for annulment	Appellant	Purcareata Ionel	Appeal for annulment – utilities and rent for the period April-December 2012 – 4,086 lei	Completed	On 04.02.2015, Constanta Tribunal rejected SNN's claim
2	7868/118/2014	Appeal for annulment	Appellant	Saplacan Dan	Appeal for annulment – utilities and rent for the period April-December 2012 – 4,784 lei	Completed	On 04.02.2015, Constanta Tribunal rejected SNN's claim.
3	10799/4/2014	Civilian Court of Law Sector 4	Appellant	Chirica Teodor	Appeal against enforcement, enforcement 96,055.87 lei	Completed	On 23.02.2015, Court of Law Sector 4 rejected SNN's appeal.
4	48210/299/2014	Civilian Court of Law Sector 1	Appellant	Chirica Teodor	Appeal against enforcement, enforcement 80,189 lei	Completed	On 26.02.2015, Court of Law Sector 1 rejected SNN's appeal.
5	6850/3/2014	Labor litigation Bucharest Tribunal	Defendant	Marcuta Mihai	Appeal against the decision to suspend the labor contract	Completed	On 04.02.2015, Bucharest Tribunal rejected Marcuta Mihai's claim.
6	8184/2/2011*	Administrative High Court of Cassation and Justice	Respondent	Greenpeace CEE Romania	Annulment of the environmental agreement for the FCN Pitesti Branch	Completed	On 25.02.2015, the High Court of Cassation and Justice rejected the appeal of Greenpeace CEE Romania.

7	47741/299/2014	Civil Judecatoria Sector 1	Plaintiff	S.C.MAC 3 SRL	6,315 lei - penalties claims as a result of not completed a subsequent contract	Completed on the merits of the case	On 09.03.2015, the Court of Law Sector 1 admitted SNN's claim.
8	7416/2/2014	Bucharest Court of Appeal	Plaintiff	Vodafone Ro- mania; Telekom Romania	Appeal on the suspension of the decision to solving CN- SC's appeal	Completed	On 15.01.2015 the Court of Appeal Bu- charest rejected SNN's appeal

Appendix 9 – Corporate governance statement “Apply or Explain”

Principle/ Recommendation	Question		YES	NO	If NO, EXPLAIN
P19	The issues is administered on the basis of a dualist system?			NO	Societatea Nationala Nuclearelectrica S.A. (“SNN”) has a unitary administration system, as it is administered by a Board of Directors made up of 7 members.
P1	R1	The issues drafted a Bylaws/Corporate Governance Regulations that describe the main aspects of corporate governance?	DA		
		The Bylaws/ Corporate Governance Regulations is published on the company’s webpage, with reference to the date of the most recent modification?	DA		
	R2	The Bylaws/ Corporate Governance Regulations provides definitions of the corporate governance structures, positions, components and responsibilities of the Board of Directors (BoD) and of the executive management?	DA		
	R3	The Annual Report of the issues provides a chapter dedicated to corporate governance which describes all the relevant events related to corporate governance, recorded during the previous financial year?	DA		
		The issuer distributes information related to the following aspects regarding the corporate governance policy on the company’s website: a) Description of its corporate governance structures?			
		b)Updated Articles of Incorporation?	DA		
		c) Internal rules/significant aspects for each specialized commission/ committee?	DA		
		d), „Apply or Explain” Statement?	DA		
		e) List of BoD members, mentioning the independent and/or non executive members, the executive members and the members of each specialised committee/commission?	DA		
		f) A brief CV for each member of the BoD and of the executive management?	DA		
P2	The issuer respects the rights of the share owners, ensuring their equal treatment and subjecting to vote any modification of the conferred rights within the frame of the special shareholders meetings?		DA		

	R4	The issuer publishes within a dedicated section on its webpage details regarding the General Meeting of Shareholders (GMS)? a) GMS convening notices?	DA		
		b) materials/documents related to the agenda as well as any other information regarding the items on the agenda?	DA		
		c) Special power of attorney forms?	DA		
	R6	The issuer prepared and proposed to the GMS procedures for the orderly and efficient organization of the GMS, without prejudicing the right of each shareholder to freely express his/her opinion on the debated subjects?	DA		
	R8	The issuer distributes within a dedicated section on its website, information related to the shareholders' rights as well as to the rules and principles regarding the participation in the GMS?	DA		
		The issuer ensures timely information (immediately after the GMS) of all the shareholders through the dedicated section on its webpage: a) Regarding the decisions made during the GMS?	DA		
		b) Regarding the detailed result of the vote?	DA		
		The issuers distribute through an easily identifiable and accessible section on the company's webpage: a) Current reports/ press releases?	DA		
		b) The financial calendar, current reports, annual, half-yearly and quarterly reports?			
	R9	Is there a specialized department/person within the issuer's company dedicated to investors relations?	DA		
P4,P5	R10	The BoD meets at least once per quarter in order to monitor the development of the company's activity?	DA		
	R12	The issuer owns a set of rules regarding the behaviour and reporting obligations for the transactions of shares and other financial instruments issued by the company („company's securities") performed by the administrators and other implicated persons?		NU	The rules regarding the behaviour and reporting obligations for the transactions of shares and other financial instruments issued by the company performed by the administrators and other implicated persons will be included in the procedure regarding the reporting to shareholders and capital market institutions.

		If a member of the BoD or of the executive management or another implicated person performs a transaction in its own interest, is the transaction reported on the company's website, as per the relevant Rules?	DA		
P6		The structure of the Board of Directors of the issuer ensures a balance between the executive and non executive members (and especially the independent non executive members) so that the decision making process of the BoD is not dominated by one person or a group of persons?	DA		
P7		The structure of the Board of Directors of the issuer ensures a sufficient number of independent members?	DA		
P8	R15	In its activity, is the BoD supported and advised by advisory committees/commissions for the inspection of specific subjects, selected by the BoD?	DA		
		Do the advisory committees/ commissions submit activity reports to the BoD regarding the assigned subjects?	DA		
	R16	Does the BoD use the evaluation criteria specified in Recommendation 16 in order to evaluate the independence of its non executive members?	DA		
	R17	Do the members of the BoD constantly improve their knowledge by training courses in the field of corporate governance?	DA		
P9		Is the election of the BoD members based on a transparent procedure (objective criteria regarding personal and professional qualification, etc.)?	DA		
		Is there a Nomination Committee within the company?	DA		
P11	R21	Does the BoD analyze at least once a year the necessity to establish a remuneration/remuneration policy committee for the administrators and the members of the executive management?	DA		
		Is the remuneration policy approved by the GMS?	DA		
	R22	Is there a Remuneration committee exclusively formed by non executive administrators?			
	R24	Is the remuneration policy of the company presented in the Bylaws/Corporate Governance Regulations?		NU	The Corporate Governance Regulations does not include the remuneration policy of SNN, this being a separate document presented on the webpage of the company at: http://www.nuclearelectrica.ro/despre-noi/informatii-de-interes-public-c3bf4/politica-de-remunera-re-snn-sa-174c5/

P12, P13	R25	The issuer disseminated in English the information which represents the subject of the reporting requirements: a) periodical information?	DA		
		b) continuous information (the continuous supply of information)?	DA		
		The issuer prepares and disseminated the financial statements in accordance with the IFRS?	DA		
	R26	The issuer organizes at least once a year meetings with financial analysts, brokers, rating agents and other capital market specialists, in order to present the financial elements relevant to investment decisions?	DA		
	R27	Is there an Audit Committee within the company?	DA		
	R28	Do the BoD and the Audit Committee, if applicable, constantly evaluate the efficiency of the financial reporting, the internal control and the risk management system implemented by the company?	DA		
	R29	Is the Audit Committee formed exclusively by non executive administrators and has a sufficient number of independent administrators?	DA		
	R30	Does the Audit Committee meet at least twice a year with the purpose of preparing and disseminating to the shareholders and the public the half-year and annual results?	DA		
	R32	Does the Audit Committee make recommendations to the BoD regarding the selection, appointment, reappointment and replacement of the financial auditor as well as the terms and conditions for its remuneration?	DA		
P14		Did the BoD adopt a procedure with the purpose to identify and solve potential conflict of interest situations?	DA		
P15	R33	Do the administrators inform the BoD regarding the conflict of interest situations as they appear and sustain from debates and votes on the respective items, in accordance with the legal provisions?			
P16	R34/ R35	Did the BoD adopt specific procedures with the purpose of ensuring procedural fairness (criteria for the identification of transactions with significant impact, transparency criteria, objectiveness criteria, non competition criteria, etc) in order to identify transactions with implicated parties?	DA		
P17	R36	Did the BoD adopt a procedure regarding the internal circuit and disclosure procedure for the documents and information related to the issuer, granting a special importance to the information that can influence the evolution of the market price of the securities issued by the company?	DA		
P18	R37/ R38	Does the issuer conduct Corporate Social and Environment Responsibility activities?	DA		



Appendix 10 – Audited separate financial statements at 31.12.2014 prepared in accordance with IFRS – EU

The audited separate financial statements at 31.12.2014 prepared in accordance with the International Financial Reporting Standards approved by the European Union (IFRS-EU) are published on the website of the company, Investors relations section (www.nuclearelectrica.ro) and are accompanied by the independent auditor's report on the separate financial statements.



Appendix 11 – Audited consolidate financial statements at 31.12.2014 prepared in accordance with IFRS – EU

The individual consolidated financial statements at 31.12.2014 prepared in accordance with the International Financial Reporting Standards approved by the European Union (IFRS-EU) are published on the website of the company, Investors relations section (www.nuclearelectrica.ro) and are accompanied by the independent auditor's report on the separate financial statements