



NUCLEARELECTRICA

Reporting date: 05.01.2016

Name of the issuing entity: Societatea Nationala NUCLEARELECTRICA S.A.

Registered office: Strada Polona nr. 65, Sector 1, Bucuresti

Phone/fax number: 021-203.82.00 / 021 – 316.94.00

Sole Registration Code with the Trade Register Office: 10874881

Order number: J40/7403/1998

Subscribed and paid share capital: 3,015,138,510 Lei

Regulated market on which the issued securities are traded: Bucharest Stock Exchange

**To: Bucharest Stock Exchange
Financial Supervisory Authority**

Important events to be reported:

The conformity status with the provisions of the new Corporate Governance Code of the Bucharest Stock Exchange

Societatea Nationala Nuclearelectrica S.A. (“SNN”) has adhered to the principles and standards of Corporate Governance since its listing on the capital market, in November 2013. SNN has developed internal organizational structures, procedures and norms to act as support in complying with the corporate governance principles and to ensure an optimum level of transparency for its shareholders and investors in order for them to make informed decisions.

The level of conformity with the corporate governance standards has been explained in the annual reports and the information that is the object of these norms has been made public for the shareholders, investors and other interested third parties by means of company website, in the „Investor Relations” special dedicated section.

SNN places high importance on the constant development of its corporate governance standards, therefore the degree of conformity with the new Corporate Governance Code of the Bucharest Stock Exchange, applicable since January 4, 2016, is high.

SNN will implement the changes resulted following the analysis of the new BVB Corporate Governance Code, as indicated in the Appendix to this report, and it will issue conformity current reports.

**Daniela Lulache
Chief Executive Officer**

	Provisions from the Code	Complies	Does not comply or partially complies	Reason for non-compliance	Rectification deadline
A1	All companies should have internal regulation of the BoD which includes terms of reference/ responsibilities for BoD and key management functions of the company, applying, among others, the General Principles in Section A.	SNN has an Internal Regulation of the BoD and a Corporate Governance regulation which contain the terms of reference, the responsibilities of the executive management, of the BoD and of the GMS and the key management functions in the company as well as the responsibilities of the Advisory Committees of the BoD in compliance with the General Principles in Section A of the CG Code. These terms of reference/responsibilities are made public via the Corporate Governance Regulation, published in the company's website in „Investors Relations” section.			
A2	The provisions regarding the management of the conflict of interests must be included in the regulation of the BoD. In any case, the members of the BoD must notify the BoD regarding any conflict of interests situation which occurred or may occur and must abstain from participating in the debates (including absence with the exception of the case in which the absence might impede quorum) and from voting on issues which may create the respective conflict of interests situation.	Regarding the management of the conflict of interests, each BoD member ensures to avoid a direct or indirect conflict of interests with the Company and in the case that such a conflict occurs, abstains from participating in the debates and voting on the respective issues, in compliance with the legal provisions in force.	The provisions regarding the management of the conflict of interests are not included in the Regulations of the BoD, but are provided in the Corporate Governance Regulations.	SNN included these provisions in the Corporate Governance Regulations, published on the company's website and will update the Regulations of the BoD in compliance with the provisions of the new Corporate Governance Code.	SNN will issue a current report regarding the inclusion of the A2 provision in the Internal Regulations of the BoD.

A3	<p>The BoD or the Supervisory BoD must be made up of at least 5 members.</p>	<p>SNN's BoD is made up of 7 members. The information regarding this provision is published in the Annual Report and on the company's website in Investors Relations section.</p>			
A4	<p>The majority of the members of the BoD must be non-executive. At least one member of the BoD or of the Supervisory BoD must be independent, in the case of Standard category companies. In the case of the companies from the Premium category, at least two non-executive BoD members have to be independent. Each independent member of the BoD or of the Supervisory BoD must submit a statement upon nomination for election or re-election, as well as when a change occurs in his or hers status, by indicating the elements based on which the independent character and judgement of the BoD member is asserted.</p>	<p>SNN is a company in the Premium category with 4 non-executive BoD members who are independent, based on the criteria in Section A. The statements were submitted at the time of their election and no changes have intervened that might affect the independent and objective character of their judgement,</p> <p>Regarding item A4.5. in the Code, we state that the independent administrators were elected as BoD members in 25.04.2013, respectively on 23.12.2013 by approval of the GMS, and, at the current date, their position of BoD member held in the previous year does not affect their objectivity.</p>	<p>SNN did not fully include the provisions of A4 in the Annual report previous to the issuance of the new CG Code. SNN will include the complete information in the annual report for 2015, as per provision A4.</p>	<p>SNN published on the company's website the date of appointment, the duration of the mandate contract, the executive/non-executive position and the CVs for each BoD member.</p> <p>SNN will include the complete information in the Annual report for 2015 as per provision A4.</p>	<p>SNN will issue a current report regarding the compliance with this provision after the inclusion of the information in the Annual report for 2015.</p>

A5	Other engagements and professional obligations of the BoD members, including executive or non-executive positions in the BoDs of other companies and non-profit organizations must be disclosed to the shareholders and the potential investors before nomination and during the course of the mandate.	This information is available in the wealth and interests declarations of the BoD members, published on the company's website in the „About us – Public information” section. The information will be included in the Annual report for 2015 as well.			
A6	Each BoD member must disclose before the BoD information regarding any relationship with a shareholder which owns directly and indirectly more than 5% of the total voting rights. This obligation refers to any type of relationship which may affect the member's position regarding issues that are decided in the BoD.		The provision is not provided in the terms of reference of SNN's BoD.	This information was verified by analysing the candidacies, the respective relationship having no influence on the independency of the BoD members and on the objectiveness of their decisions. This provision will be included in the Internal regulation of the BoD.	SNN will issue a current report regarding the compliance with this provision after the inclusion of A6 in the terms of reference of the BoD.
A7	The Company must appoint a secretary of the BoD responsible for supporting the activities of the BoD.	SNN appointed a secretary by a resolution of the BoD.	The name of the secretary is not published in the Annual report for 2014, but will be published in the Annual report for 2015.		SNN will issue a current report regarding the compliance with this provision after the inclusion of the name of the BoD secretary in the Annual report for 2015.

<p>A8</p>	<p>The corporate governance statement will mention whether an evaluation of the BoD under the management of the President or of the nomination committee was performed and, if such an evaluation took place, it will summarize the key measures and the resulted improvements. The Company must have a policy/guide regarding the evaluation of the BoD comprising the purpose, the criteria and the frequency of the evaluation process.</p>	<p>The activity of the BoD is evaluated on a quarterly, half-yearly and yearly basis as per the performance criteria included in the administration and mandate contracts. The accomplishment degree of the performance indicators is comprised in the annual report of the BoD.</p>	<p>The Company does not have a policy/guide for the evaluation of the activity of the BoD, the evaluation being performed, as mentioned, based on the established performance criteria.</p>	<p>Actually, the provision A8 regarding the evaluation of the BoD was implemented, but it hasn't been formalized in a policy/guide.</p>	<p>SNN will issue a current report regarding the compliance with these provision after the drafting of the evaluation policy/guide which will include the purpose, the criteria (performance criteria) and which will clearly mention the quarterly, half-yearly and yearly frequency of these evaluations. This provision will be included in the terms of reference of the BoD and of the Committees of the BoD.</p>
<p>A9</p>	<p>The statement regarding the corporate governance must contain information regarding the number of meetings of the BoD and its Committees during the previous year, the participation of the administrators (in person or in absence) and a report of the BoD and of the Committees regarding their activities.</p>	<p>The Annual report for 2014 includes information on the activity of the Advisory Committees (number of meetings, activities).</p>	<p>The corporate governance statement does not include information on the number of the BoD meetings which took place in the previous year and neither about the participation of the administrators in person or in absence.</p>	<p>As this is a new provision of the Corporate Governance Code, it will be included in the Annual report for 2015.</p>	<p>SNN will issue a current report of compliance with this provision after the inclusion of provision A9 in the Corporate Governance Statement in the Annual report for 2015.</p>

A10	<p>The corporate governance statement must include information regarding the exact number of independent members from the BoD or from the Supervisory BoD.</p>	<p>The Annual report includes information regarding the number of executive/ non-executive BoD members.</p>	<p>The corporate governance statement does not clearly mention the independent BoD members in the Corporate Governance section.</p>		<p>SNN will issue a current report of compliance with this provision after the inclusion of provision A10 in the corporate governance statement and in the Annual report for 2015.</p>
A11	<p>The BoD of companies in the Premium category must establish a nomination committee made up of non-executive members, which will lead the nomination procedure of new BoD members and will make recommendations to the BoD. The majority of the members of the nomination committee must be independent.</p>	<p>The composition of the nomination committee is presented on the company's webpage and in the Annual report of the company. The members of the Nomination and Remuneration Committee are non-executive and the majority are independent as well.</p>			
	<p>The terms of reference of the Nomination Committee will include a provision stating that the Nomination Committee is made up of non-executive members and that it will lead the nomination procedure of new BoD members and that it will make recommendations to the BoD.</p>	<p>This procedure is included in the Regulation of the Nomination and Remuneration Committee. The members of the committee are non-executive.</p>			

B1	<p>The BoD must establish an audit committee in which at least one member must be an independent non-executive administrator. The majority of the members, including the President must have proven adequate qualification for the functions and responsibilities of the Committee. At least one member of the audit committee must have proven and adequate audit or accounting experience. For the companies in the Premium category, the audit committee must be made up of at least three members and the majority of the members of the committee must be independent.</p>	<p>The Audit Committee is made up of 3 members, all with relevant experience in the field. The componse of the Audit Committee is published in the company's website in the Corporate Governance section.</p> <p>The majority of the members of the Audit Committee is independent.</p>			
B2	<p>The President of the audit committee must be an independent non-executive member.</p>		<p>The Audit Committee does not have a designated President, the reports of the committee are signed by all of its members.</p>		<p>SNN will issue a current report of compliance with this provision after the designation of a President and the inclusion of the information in the Annual report for 2015.</p>
B3	<p>Among its responsibilities, the audit committee must perform an annual evaluation of the internal control system.</p>	<p>This provision is included in the Regulations of the Audit Committee, published in the company's website in the Corporate Governance section.</p>			

	<p>If the Audit committee evaluated the internal control system, taking into consideration the effectiveness and comprehension of the internal audit function, the adequacy degree of the risk management and internal control audit reports that are presented to the Audit Committee as well as the promptness and effectiveness with which the executive management solves the problems and deficiencies identified during the internal control and if it presents relevant reports to the BoD.</p>	<p>The Annual report contains information on the control and evaluation activity performed by the Audit Committee.</p>			
<p>B4</p>	<p>The evaluation must consider the effectiveness and comprehension of the internal audit function, the adequacy degree of the risk management and internal control audit reports that are presented to the Audit Committee as well as the promptness and effectiveness with which the executive management solves the problems and deficiencies identified during the internal control and the presentation of relevant reports to the BoD.</p>	<p>The Annual report contains information on the control and evaluation activity performed by the Audit Committee, as per the provisions of the Regulations of the Audit Committee.</p>			

B5	The Audit Committee must evaluate the conflict of interests related to the transactions of the company and its subsidiaries with affiliated parties.	This activity is performed based on the obligation of the Audit Committee to monitor the compliance of the company with the legal provisions in force, with the Articles of Incorporation and the applicable legal documents regarding transactions with affiliated parties, as per the provisions of the Regulations of the Audit Committee.	The terms of reference of the Committee do not contain a clear provision specifying the fact that the Audit Committee has to evaluate the conflict of interests related to the transactions of the company and its subsidiaries with affiliated parties.	The evaluation is performed with the observation of the applicable legal provisions, this being the reason for which the provision is not clearly specified in the terms of reference of the Audit Committee.	SNN will issue a current report of compliance with the provision after its inclusion in the terms of reference of the Audit Committee.
	Information regarding the number and value of the transactions with affiliated parties.	The annual report contains an appendix with the list of transactions with affiliated parties from the respective year.			
B6	The Audit Committee must evaluate the efficiency of the internal control system and of the risk management system.	This provision is included in the Regulations of the Audit Committee. The result of the evaluations of the internal control system and of the risk management system are included in the Annual report.			
B7	The Audit Committee must monitor the application of the legal standards and of the generally accepted internal control standards. The Audit Committee must receive and evaluate the reports of the internal audit team.	The Regulations of the Audit Committee provided that it has the obligation to apply the legal standards and the internal audit standards as well as to evaluate the reports of the internal audit team.			

B8	<p>Every time the Code mentions reports or analysis initiated by the Audit Committee, they must be followed up by periodic reports (at least annual ones) or ad-hoc reports which must be submitted to the BoD.</p>	<p>The annual report contains the list of documents prepared and verified by the Audit Committee which were submitted to the approval of the BoD.</p>			
B9	<p>No shareholder can be awarded preferential treatment against other shareholders in relation with transactions and agreements concluded by the company with shareholders and their affiliates.</p>	<p>The GMS regulations clearly specifies that no shareholder can be awarded preferential treatment against other shareholders.</p>	<p>The policy regarding the transactions with affiliated parties was initiated prior to the new CG Code and is under preparation at the moment; it will be published on the company's website.</p>	<p>The policy regarding the transactions with affiliated parties was initiated prior to the new CG Code and is under preparation at the moment; it will be published on the company's website.</p>	<p>SNN will issue a current report of compliance with this provision after the completion and approval of the policy regarding transactions with affiliated parties.</p>

B10	The BoD must adopt a policy by means of which it makes certain that every company transaction with any of the companies it has tight relations with whose value is equal or higher than 5% of the company's net assets (as per the latest financial report) is approved by the BoD following the must have opinion of the Audit Committee and correctly revealed to the shareholders and potential investors, to the extent these transactions fall into the category of events that are the object of the reporting requirements.	The Articles of Incorporation and the Regulation of Organization and Functioning of the BoD stipulates the approval by the BoD of all the transactions with the affiliated parties in compliance with the provisions of art. 52, paragraph (1), (2), (3) and (5) of OUG 109/2011. As it concerns the transactions with the un-affiliated parties, the approval limit of the BoD envisages contracts with a value higher than Euro 5 mil. As per the Articles of Incorporation, the contracts with a value higher than Euro 50 mil are endorsed by the BoD and approved by the GMS.	The BoD will include in the affiliated party transaction policy, currently in full elaboration process, the B10 provision.		SNN will issue a conformity current report on this provision following the inclusion in the reference terms of the BoD and in the affiliated party transaction policy.
B11	Internal audit must be done by a structurally separated division (Internal Audit Department) within the company or by hiring an independent third party.	SNN has its own Internal Audit Department.			
	The descriptive report of the President of the Audit Committee (regarding the assessment of the reports of the Audit Department and the reporting of the Manager of the Audit Department)	The annual report contains a section dedicated to the Audit Committee where the audit activity at company level is assessed. As well, the „Financial reporting, internal control and risk administration” section contains information about the internal audit activity.	Please refer to B2.		

B12	<p>In order to ensure the main functions of the internal audit department, this must report from a functional point of view to the BoD through the Audit Committee. From an administrative point of view and given the obligation of the management to monitor and reduce risks, this department must directly report to the General Manager.</p>	<p>The reporting hierarchy are respected as stipulated by this provision. The Audit Department reports to the BoD and the General Manager.</p>			

C1	<p>The company must publish on its website the remuneration policy and to include in the annual report a statement regarding the implementation of the remuneration policy during the yearly period that is the object of the analysis. The remuneration policy must be elaborated in such a way as to allow the shareholders to understand the principles and arguments that represent the basis for the remuneration of the BoD members and the General Manager, as well as of the Directorate members in the dualist system. This must describe the decision making process regarding remuneration, to detail the components of the remuneration of the executive management (such as salaries, annual bonuses, long term incentives related to the value of the shares, in kind benefits, pension and others) and to describe the purpose, principles and arguments that are the basis of each component (including the general criteria of performance related to each form of variable remuneration). In addition, the remuneration policy must specify the duration of the contract of the executive manager and the duration of the notice period established by contract, as well as the potential compensation for revocation without just cause [...] Any essential change that might occur in the remuneration policy must be published in due time on the company website.</p>	<p>The remuneration policy is published on the company website and it is included in the annual report. The Remuneration and Nomination Committee elaborates an annual report that is subject to BoD endorsement and GMS approval. This report contains information about the principles and arguments that represent the basis of the BoD members and managers remuneration, the decision making process regarding remuneration, a detailed description of the remuneration components, the purpose and calculation of each subcomponent, the performance criteria and the associated degree of achievement. As well, the report contains information on the notice period and compensation in case of revocation without just cause. The Report of the Remuneration and Nomination Committee for the previous year is published on the company website.</p>			
		No significant changes have occurred.			

D1	<p>The company must set up an „Investor Relations” department-brought to the attention of the public through the responsible person/persons or as an organizational entity. In addition to the information imposed by specific legislation, the company must include on its website a section dedicated to Investor Relations, in Romanian and English languages, containing all the information considered relevant for the investors, including:</p>	<p>SNN has such a special structure created for investor relations-the Communications and Investor Relations Department within the Legal and Corporate Affairs Division. All the materials published on SNN website in the „Investor Relations” section are published bilingually.</p>			
D.1.1.	<p>The main corporate regulations: Articles of Incorporation, the procedure regarding the GMS</p>	<p>All these materials are published bilingually on the company website.</p>			
	<p>BoD and Advisory Committees reference terms</p>	<p>BoD and Advisory Committees reference terms are included in the Organization and Functioning Regulations of the Advisory Committees and in the Corporate Governance Regulation. These regulations are published on the company website.</p>			
	<p>GMS regulations and procedures</p>	<p>All the information is published on the company website in the „Investor Relations/GMS related information” sections.</p>			
D.1.2.	<p>The CVs of the company management, other professional engagements of the BoD members, including executive and non-executive positions in the BODs of other companies or non-profit institutions.</p>	<p>The CVs of the BoD members are published on the company website and are to be updated for 2016.</p>	<p>The CVs will include both the executive and non-executive positions as well as other professional engagements held by the BoD members in other companies.</p>		

D.1.3	The current and periodical reports (quarterly, half quarterly, yearly)-at least those referred to in item D.8-including the current reports on the non-conformity to the present Code.	The current reports including the periodical ones (quarterly, half yearly, yearly) are published on the company website, in the „Corporate Governance” section and contain information related to this provision. The current report regarding the non-conformities as well as the following conformity current reports will be published on the company website.			
D.1.4.	Information regarding the GMS; agenda and informative materials; the BoD member selection procedure; the arguments that support the proposals for the BoD, together with the CVs; the questions of the shareholders regarding topics on the agenda and the company’s answers, including the resolutions adopted	The information is published on the company website, mainly in the „Corporate Governance/GMS related information” sections.			
D.1.5	Information regarding the corporate events, such as dividend pay out and other distributions for the shareholders, or other events that can extend or limit the rights of the shareholders, including the deadlines and the principles applicable to such operations. Such information will be made public as to allow the investors to make investment decisions.	The information is published on the company website in the „Investor Relations/Dividends” sections.			

D.1.6.	Name and contact details of a person who can provide, upon request, relevant information.	The information is available on the company website, „Investor Relations” section. The information is also available in the annual report.			
D.1.7.	Company presentations (presentations for investors, presentations on the quarterly results, etc), financial statements (quarterly, half yearly and yearly), audit reports and yearly reports.	The presentations done on the occasion of publishing the quarterly, half quarterly or yearly financial statements and/or following meetings with analysts/investors are published on the company website, in the „Investor Relations” section. The half yearly and yearly financial statements are accompanied by the audit report.			
D.2.	The company will have a policy on the annual dividend distribution or other shareholder related benefits, proposed by the General Manager or Directorate and adopted by the BoD, as a set of guidelines that the company intends to use for the distribution of the net profit. The principles of the annual policy of distribution will be published on the company website.	The dividend distribution information is published on the company website, „Investor Relation” section. The distribution of the net profit is published on the company website in the GMS related section.			

D.3.	The company will adopt a policy on forecast, either or not such forecasts are made public. The forecast refers to quantified conclusions of certain studies that envisage the global impact of a certain number of factors in the upcoming period (the so-called hypotheses). Given its very nature, this forecast has a high degree of uncertainty, the effective results being significantly different than the initial estimations. The policy on forecast will establish the frequency, the forecast period and the content of the forecast. If the forecast is published, such forecast can only be included in the quarterly, half yearly and yearly reports. The policy on forecast will be published on the company website.		SNN is in full process of elaborating a policy on forecast. This policy will be published on the company website.		SNN will issue a current report of compliance with this provision following the elaboration and approval of the policy.
D.4	The GMS rules must not limit the participation of the shareholders in the GMS and the exercise of their rights.	The GMS Regulation guarantees the rights of the shareholders in full compliance with the applicable legislation and ensures an equal treatment. The Regulation is published on the company website, in the GMS dedicated section.			
	Any changes in the regulations will become effective starting with the next GMS.	Any changes to the Regulation were published in the „News” section on the company website in order to provide faster access to a larger number of visitors. The changes became effective in the next GMS, following their approval by the SNN BoD.			
D.5.	External auditors will be present in the GMS when their reports are presented.		This provision is not clearly mentioned in the GMS Regulation.		SNN will issue a current report of compliance with this provision following its inclusion in the GMS Regulation.

D.6.	The BoD will present to the annual GMS a brief opinion on the internal control systems and major risk management, as well as opinions on certain topics subject to the decision of the GMS.	This information is included in the „Activity regarding risk management” and „Financial reporting, internal control and risk administration” chapters in the BoD annual report that is to be subject to GMS approval.			
D.7.	Any specialist, consultant, expert or financial analyst can participate in GMS based on an invitation from the BoD. Journalists may also take part in the GMS, except the President of the BoD decides otherwise.		These provisions are not included as such in the GMS Regulation.		SNN will issue a current report of compliance with this provision following its inclusion in the GMS Regulation. .
D.8.	The quarterly and half yearly reports will include information in both Romanian and English languages on the key factors that influence changes in sales, operation profit, net profit and other relevant financial indicators from quarter to quarter and year to year.	The quarterly and half yearly reports include information in Romanian and English languages on the on the key factors that influence changes in sales, operation profit, net profit and other relevant financial indicators from quarter to quarter and year to year.			

D.9	A company will organize at least two meetings/teleconferences with analysts and investors on an yearly basis. The information presented during these events will be published in the „Investor Relation” section on the company website at the date of the meetings/teleconferences.	SNN organized four teleconferences and a meeting with the analysts and investors, as per the financial calendar for 2015. The financial calendar is published on the company website and on BVB website.			
D.10.	If case be a company supports different forms of artistic, cultural, sport, educational or scientific activities and it considers that their impact on the innovation and competitiveness of the company is part of the company’s mission and development strategy, the company will publish its policy regarding its activity in the field.	SNN has unfolded and continues to unfold such activities based on an internal procedure. Currently, the procedure in readjustment process. After this process is completed, SNN will publish the procedure on the company website.			