



Approved by the Board of Directors Decision No 32 from 22.03.2017.

Chairman of the Board,

Alexandru Săndulescu

Note on the appointment of six members of the Board of Directors of SN Nuclearelectrica SA for a period of four years, starting on 26.04.2017, in accordance with Art. 29 of GEO (Government Emergency Ordinance) 109/2011, due to the termination of the mandate of six directors on 25.04.2017 or, if applicable, the appointment of provisional members of the Board of Directors of SN Nuclearelectrica SA, for a period of four months, starting with 26.04.2017, in accordance with art. 64¹ paragraph (4) and paragraph (5) of GEO (Government Emergency Ordinance) 109/2011 and the approval of the mandate contract form to be signed by the Company with Board Members

Material related to the points 8-10 on the agenda of the OGMS (Ordinary General Meeting of Shareholders), hold on 24.04.2017

I. General aspects / competence

The General Meeting of Shareholders of the Nuclearelectrica National Company S.A. ("SNN") is competent to make decisions on the appointment of new members of the Board of Directors or provisional members in case of vacant positions.

The competence to elect new members/to appoint provisional members of the BoD belongs to the Ordinary General Meeting of Shareholders, as follows from these legal and statutory provisions:

- (i) The provisions of art. 111 paragraph 2 letter b) of Law no. 31/1990 concerning companies, republished, as further amended and supplemented ("Law no. 31/1990"), according to which ordinary general meeting of shareholders is competent to decide on the election and recall of the Board members;
- (ii) The provisions of art. 29 paragraph 1 of GEO (Government Emergency Ordinance) no. 109/2011 regarding the corporate governance of public enterprises, as amended and supplemented ("GEO [Government Emergency Ordinance] no. 109/2011"), according to which "The Board members are appointed by the general meeting of shareholders on a proposal from the Board of Directors or of the shareholders";
- (iii) The provisions of art. 13 paragraph 2 letter c) of the Articles of Incorporation of SNN, according to which the Ordinary General Meeting of Shareholders elects and revokes members of the Board of Directors;
- (iv) The provisions of art. 29 of GEO (Government Emergency Ordinance) no. 109/2011 regarding the election of new members of the Board of Directors by organizing a selection procedure;
- (v) The provisions of art. 64¹ paragraph (4) and paragraph (5) of the Emergency Ordinance no. 109/2011 according to which, if there are one or more vacant administrator positions, especially if the vacancy lowers below the legal minimum the number of administrators, the shareholders, including the main shareholder - the state, through the public supervisory body,

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will convene the General Meeting of Shareholders to complete the membership of the Board of Directors provisionally until the completion of the selection procedure of the administrators, organized in accordance with art. 29 of GEO (Government Emergency Ordinance) no. 109/2011;

- (vi) The provisions of art. 13 paragraph (2) c) and f) of the Articles of Incorporation of SNN according to which the General Meeting of Shareholders elects and revokes the members of the Board of Directors and establishes the terms and conditions of the mandate contract concluded with board members.

II. Presentation

SNN is a unitary system administrated company, the Board of Directors consisting of 7 members, of which six are non-executive members, in accordance with the provisions of GEO (Government Emergency Ordinance) 109/2011. The Board members were elected by the General Meeting of Shareholders.

Currently, the administrators of the company are as follows:

Surname and Name	Age (years)	Qualification	Work experience (years)	Position	Date of appointment	Date of expiry of term
Alexandru Săndulescu	58	Dr. Engineer	33	Chairman of the Board of Directors	On 25.04.2013 by GMS resolution no. 8 / 25.04.2013	25.04.2017
Alexandru Alexe	65	Engineer	40	Non-executive administrator	On 25.04.2013 by GMS resolution no. 8 / 25.04.2013	25.04.2017
Daniela Lulache	50	Economist	24	Executive administrator	On 25.04.2013 by GMS resolution no. 8 / 25.04.2013	25.04.2017
Carmen Radu	57	Dr. Economist	38	Non-executive administrator	On 25.04.2013 by GMS resolution no. 8 / 25.04.2013	25.04.2017
Dan Popescu	59	Engineer	34	Non-executive administrator	On 25.04.2013 by GMS resolution no. 8 / 25.04.2013	25.04.2017
Sebastian Tcaciuc	42	Economist	17	Non-executive administrator	On 23.12.2013 GMS resolution no. no. 28 / 23.12.2013	23.12.2017
Nicolae Bogdan Codrut Stanescu	43	Engineer	21	Non-executive administrator	On 29.04.2015 by GMS resolution no. 1 / 29.04.2015	29.04.2017

) Selected and appointed under the GEO (Government Emergency Ordinance) 109/2011; **) by cumulative voting of the proposal of shareholder Fondul Proprietatea S.A. (Property Fund), *) appointment to a vacant post at the proposal of a physical entity shareholder of SNN*

Considering the fact that the mandate of six of the seven members of the Board of Directors expires on **25.04.2017**, in accordance with Art. 28 paragraph 7 and art. 29 paragraph 14 of GEO (Government Emergency Ordinance) 109/2011, the Board members submitted for the approval to the General Shareholders Meeting dated **09.12.2016** the renewal of mandates for a period of 4 years, considering that current members have successfully met the mandates and performance indicators, information detailed in the individual reports prepared by the members of the board who requested the renewal of the mandates.

The decision of the Board of Directors to subject to the approval of the General Meeting of Shareholders the proposal to renew the administrator mandates for a further period of four years, on 09.12.2016, 5 months before the expiration of the mandates, was made in a prudent and diligent manner so that if the shareholders may disagree with the renewal of the mandates, there would be enough time to conduct a selection procedure, according to GEO (Government Emergency Ordinance) 109/2011, by the public supervisory body authority or by the company, based on the shareholders' decision on this issue.

Art. 64⁴ paragraph 3 of GEO (Government Emergency Ordinance) no. 109/2011 expressly establishes that the selection procedure for the Board members ends no later than 150 days after the initiation. Thus, the current members of the Board of Directors considered important to raise to the attention of the shareholders in a timely manner, being in the interest of the company to ensure its managerial continuity. In the SNN General Meeting of Shareholders dated 09.12.2016, the shareholders decided to organize the selection procedure of the members of the board of the company by the public supervisory body (i.e. Ministry of Energy) in accordance with Art. 29 of GEO (Government Emergency Ordinance) no. 109/2011 regarding the corporate governance of public enterprises. In addition, the public supervisory body requested the inclusion in the minutes of the GMS (General Meeting of Shareholders) of following entries on their vote:

- The Public supervisory body is obliged to assess, prior to the vote of the shareholders, the activity of the administrators in office, and in the absence of such assessment, in accordance with Art. 28, paragraph (7) of GEO (Government Emergency Ordinance) 109/2011 in conjunction with Art. 45 of the rules for the application of certain provisions of GEO (Government Emergency Ordinance) no. 109/2011, considered as premature the Board's request for the renewal of the mandates;
- At the level of the Ministry of Energy there is a framework agreement with companies of services specialized in recruiting human resources for the recruitment of the board members for the companies in its portfolio, and its quality of public authority, as per GEO 109/2011, it decided to conduct a re-tendering procedure in order to select the board members of SNN.

Consequently, the Board of Directors of SNN believes that, presently, there are two possible variants for ensuring the continuity of the management of the company:

- 1. Appointment of six members of the Board of Directors of SNN over a period of four years, starting on 26.04.2017, in accordance with Art. 29 of GEO no. 109 / 2011, due to the termination of the office of six administrators on 04.25.2017;**
or
- 2. Appointment of provisional members of the Board of Directors, for a period of four months, starting on 26.04.2017, in accordance with Art. 64¹ paragraph (4) and paragraph (5) of GEO (Government Emergency Ordinance) no.109 / 2011, if the legal conditions are not met to appoint new members of the BoD in accordance with art. 29 of GEO (Government Emergency Ordinance) no. 109/2011 as amended and supplemented.**

In accordance with Art. 29 paragraph (1) of GEO (Government Emergency Ordinance) 109/2011, SNN shareholders can submit proposals of candidates for the Board of Directors of SNN.

In accordance with Art. 64¹, paragraph (4) and (5) of the Emergency Ordinance no. 109/2011, the appointment of provisional administrators for a period of four months is possible in the case of one or more vacant positions in the Board of Directors, until the completion of the selection procedure of new administrators, as provided by Art. 29 of GEO (Government Emergency Ordinance) 109/2011. In this regard, shareholders, including the state shareholder, through the public supervisory body (in this case, the Ministry of Energy), will present proposals for candidates in the General Meeting of Shareholders dated 24.04.2017.

According to art. 125 paragraph (1) of Regulation No. 1/2006, the proposals for candidates for the post of administrator with 4-year term or provisional administrator will mention information on the name, domicile and professional qualifications of the persons proposed (curriculum vitae - CV). Proposals may be submitted at the headquarters of SNN, as follows:

- The Company Registry by any form of courier receipt, so that they are recorded as received at the registry of the Company until **07.04.2017, 18:00**, in a sealed envelope, clearly mentioning in capital letters: "FOR THE ORDINARY GENERAL MEETING OF SHAREHOLDERS DATED **24.04.2017**"
- By email with embedded electronic signature according to Law. 455/2001 regarding the electronic signature until **07.04.2017, 18:00** at aga@nuclearelectrica.ro, mentioning the subject: "FOR THE ORDINARY GENERAL MEETING OF SHAREHOLDERS DATED **24.04.2017**."

Shareholders who make proposals for candidates for the post of administrator have to meet the requirements of identification mentioned in the convening notice of the General Meeting of Shareholders dated 24.04.2017, in the section on amending the agenda.

At the end of the period to transmit the proposals, the candidates proposed by the shareholders for the quality of administrator will be posted on the website of the company and they will be recorded on the voting ballots in the alphabetical order of the names.

The special proxy forms and ballots updated with the proposals submitted by the shareholders shall be made available to shareholders starting on 12.04.2017 at the company's headquarters and on the company's website at www.nuclearelectrica.ro, after the completion of the period to transmit the proposals for the position of administrator and the recording of the proposals made by the shareholders on the ballots.

The appointment of the new members of the Board of Directors must meet including but not limited to the following legal provisions:

- Art. 28 paragraph (3) of the Emergency Ordinance no. 109/2011 according to which at least two members of the Board of Directors should have a degree in economics or law and experience in economic, legal, accounting, auditing or finance field of at least 5 years;
- Art. 28 paragraph (4) of GEO (Government Emergency Ordinance) 109/2011 according to which in case of the boards of directors whose number of members fall under paragraph (2) of the same article (7 members), there can be no more than two members from the civil servants range or other personnel categories within the public supervisory body or within other authorities or public institutions;
- Art. 28 paragraph (6) of GEO (Government Emergency Ordinance), 109/2011 according to which the majority of the board members consists of non-executive and independent members, in the sense of art. 138² of Law no. 31/1990, republished, with subsequent amendments;

- Art. 33 of GEO (Government Emergency Ordinance) 109/2011 according to which an individual can exercise at the same no more than 3 mandates as administrator and / or member of the supervisory board in public companies or companies whose headquarters are in Romania. This provision applies equally to the physical person administrator or member of the supervisory board, as well as to the physical person representative of a legal person administrator or member of the supervisory board.

- Provisions of Annex 1 – *Methodological Norms to establish the selection criteria, to draw up the short list of up to 5 candidates for each post, their ranking, the procedure regarding the final appointments, as well as the other measures necessary to implement the provisions of GEO (Government Emergency Ordinance) no. 109 - 2011 to Government Ordinance no. 722/2016 for the approval of the Methodological Norms for the application of certain provisions of GEO (Government Emergency Ordinance) no. 109/2011 regarding the corporate governance of public enterprises.*

Independent membership of the Board is determined in accordance with art.138² of Law. 31/1990, as well as with the Code of Corporate Governance of BSE, based on the following criteria:

- a) not to have been an executive of the company or executive of a company controlled by it and not to have occupied such a position in the last 5 years;
- b) not to have been an employee of the company or of a company controlled by it or have had such an employment relationship in the last 5 years;
- c) not to receive or not to have received from the company or from a company controlled by this additional remuneration or other advantages, others than those corresponding to its quality of non-executive administrator;
- d) not to be a significant shareholder of the Company;
- e) not have or have had in the last year business relationship with the company or with a company controlled by it, either personally or as a partner, shareholder, administrator, officer or employee of a company that has such a relationship with the company, if, by their substantial nature, they are liable to affect the objectivity;
- f) not to be or have been in the past 3 years financial auditor or associated employee of the current financial auditor of the company or of a company controlled by it;
- g) no to be a director in another company in which a director of the company is a non-executive administrator;
- h) not to have been non-executive administrator of the company for more than 3 mandates;
- i) not to have family relations with a person in one of the categories mentioned above at a) and d).

Also, in accordance with Art. 29 paragraph (11) of GEO (Government Emergency Ordinance) 109/2011, SNN also subjects to vote the form of the mandate contract that is to be signed with the administrators. The Mandate contract proposal in Annex 1 was prepared in compliance with Law no. 31/1990, the Civil Code, GEO 109/2011 and GD no. 722/2016.

III. Proposals

To those mentioned above, we request the General Meeting of Shareholders:

1. **Appointment of six members of the Board of Directors of SN Nuclearelectrica SA, for a period of four years, starting on 26 April 2017**, in accordance with Art. 29 of GEO (Government Emergency Ordinance) no. 109/2011 as amended and supplemented, due to the termination of office of six directors on April 25, 2017

Or, if the legal conditions are not met to appointment new members of the Board of Directors in accordance with art. 29 of GEO (Government Emergency Ordinance) no. 109/2011 as amended and supplemented.

- 2. Appointment of the provisional members of the Board of Directors, for a period of four months, starting on 26 April 2017 in accordance with Art. 64¹ paragraph (4) and paragraph (5) of the Emergency Ordinance no. 109/2011 as amended and supplemented**
- 3. Approval of the mandate contract form** to be signed by the company with board members and the empowerment of the representative of the Ministry of Energy within the General Meeting of Shareholders to sign on behalf and for the company the mandate contract with the administrators, contract that is to become effective on 26.04.2017.

Annex. 1 - Form of Mandate Contract

**General Director
Daniela Lulache**