



**ANNUAL REPORT
OF THE ADMINISTRATORS
OF SN NUCLEARELECTRICA SA
for the financial year 2015**

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1. BASIS OF THE REPORT

The annual report of the administrators of SNN for the financial year ended at 31 December 2015 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 Annex 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:	23 March 2016
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 31.12.2015	3.015.138.510 lei
Regulated market on which the issued securities are traded	Bucharest Stock Exchange (www.bvb.ro), Premium category
Main features of the issued securities:	301.513.851 shares with a nominal value of 10 lei/share, dematerialized, nominative, ordinary, indivisible, with equal voting rights, freely to be transacted 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

3. MESSAGE OF THE BOARD OF DIRECTORS

The European energetic policy and strategy for 2030, to which also aligns the intention of Energetic Union, are key coordinates at European level on a long and medium term. By the established objectives – security in provisioning, source diversity, increasing inland capacities, decarbonization and keeping an acceptable price for the consumer – provided unitarily and simultaneously – the European energetic strategy involves in fact a change in the paradigm, in the sense of gradual transitions to sources with low carbon emissions.

In order to comply with the European objectives and targets, the member states have the right to establish, on a long and medium term, the energetic mix to fully capitalize the production resources and capacities.

From this point of view, Romania is one of the few member states having diverse resources, capable both to sustain a balanced mix in the present time, but especially to provide the transition to a new eco-economy. Even though both the European energetic strategy and the objectives of the Energetic Union emphasize the generation of renewable resources, the purpose being the provision of the decarbonization targets up until 2040, the optimum operation and the provision of the energetic system stability needs, equally, the provision of a constant source in the energetic mix, without any fluctuations and without a negative impact on the system and on the consumer.

The compliance and fulfillment of the environment conditions involves nuclear energy, as a major part of the solution. At a European level, on the grounds of this paradigm change, there is a high interest for the production of nuclear resources. Romania intends to capitalize its nuclear resources and know-how for the development of the Romanian nuclear plan with new nuclear capacities, the Unit 3 and 4 CNE Cernavoda Project. The interest for increasing the generation out of nuclear resources is as present at an international level also, the nuclear source being considered the technology of the future, the only one which might efficiently respond to a deficit of the conventional resources, either from environmental reasons, or out of availability reasons, on a long term.

The project is perfectly integrated in the environment conditions and energetic mix needs on a long term. In 2015, Nuclearelectrica continued the development of this project according to the relevant Governmental strategy and the Procedure for investor selection. Therefore, the parties involved, Nuclearelectrica and the selected investor, China General Nuclear Power Corporation, signed the Agreement Memorandum regarding the joint implementation of the Project, and the Romanian state issued, according to the Memorandum, the Support letter for the development of such project.

The follow-up of the Units 3 and 4 CNE Cernavoda development represents a major investment of Nuclearelectrica, and from the point of view of the company's Board of Directors, the only project capable to fully respond to the European objectives and internal needs correlated with these objectives, on a long term.

The energy produced by these new units, at the level of 2025, shall represent a significant contribution in the establishment and safety of the Romanian energetic system.

From the point of view of operation and production data, the results registered by Nuclearelectrica in 2015 are significant. With a use coefficient of the power installed since the start-up, of 91.1%, the company occupies the first place at a global level, from a total of 398 nuclear units in exploitation. Also, in November 2015, Nuclearelectrica was submitted to an international evaluation by experts in the nuclear field, by World Association of Nuclear Operators, and the conclusions issued by the evaluation committee revealed a high level of Nuclear security, the operation areas of the plant being considered excellent and a benchmark in the industry, globally.

These results are associated to the compliance level of strategic objectives, assumed by the Board of Directors and executive leadership by mandate contracts, regarding the maintenance of the Nuclear security level, as well as the accomplishment of the investment plan oriented towards the field of operation.

The results corresponding to the financial year 2015 were increased by 12% compared to 2014, even though the market context is similar, and the fiscal impact is still present, even though it is more reduced.



At the level of 2015, the energy market conditions did not meet major fluctuations downwards, the price drop on the competitive market being by 4.9% from one year to another, but keeping a low price on this market has an impact on the company's profit and limits the company's capacity to capitalize its production. The factors determining this market context need correction measures adopted at the level of the energy market authorities and at the level of the law. The manufacturers need a functional, competitive and stable energetic market.

Nuclearelectrica constantly supports the dysfunctional correction on the market, all the more so the market shall be fully liberated starting the end of 2017, the production percentage corresponding to the segment regulated by the market for 2016 being only 14%.

In default of these correcting measures, the energetic market shall not register benefic changes leading to obtaining significant differences of the sales income in case of manufacturers with conventional and nuclear resources.

The SNN Board of Directors considers the activity diversity as a counter-measure to the current market situation, the efforts being directed towards identifying such business opportunity allowing the growth in general and in association the increase of the stock exchange list and dividends for the SNN shareholders.

Nuclearelectrica is the only manufacturer in Romania in the international classifications regarding operation efficiency and security, the only manufacturer which production depends on an extremely reduced number of external factors and the only one which future production may bring a significant contribution to the stability and diversity of the energetic mix.

The optimum capitalization of all company's capacities depends at this time on the correction of external influence factors, on the market and on the creation of a stable investment environment and attractive in Romania.

Alexandru Sandulescu
President of the Board of Directors



4. STATEMENT OF THE CEO

For Nuclearelectrica, 2015 was both the year of the results and challenges. Nuclearelectrica is a company unique in Romania, with a unique specialization, a company operating on the highest international standards and normative, a company permanently connected to the international dynamics of the nuclear industry, and that of the capital market.

With the listing on the capital market, the company entered a new development stage and is adapting to new regulations, standards and principles, practically a limiting date line between the traditional state company and the new actor on the capital market.

The upgrade of the internal processes and provisioning of functionality and internal and external correlation of the company's processes was continued in 2015, currently being an internal cohesion and a logistic support capable to provide the compliance of the conditions and standards associated to the nuclear industry, and to the capital market.

The established and assumed objectives at the beginning of the mandate of the current executive leadership targeted the maintenance and increase of the nuclear security level, a production factor over the average in the energetic industry in Romania, a strategic investment plan keeping a high operation and efficient level of the installations on a medium and long term and improvement of the financial results in a difficult market context.

In 2015, Unit 1 from CNE Cernavoda generated 5,504,930 MWh at a capacity factor of 96.92%, and Unit 2 5,204,743 MWh at a capacity factor of 92.23%, even though in 2015 Unit 2 of CNE Cernavoda entered the planned interruption plan. Based on the capacity factor from the start-up of the two nuclear units, at the level of 2015, Nuclearelectrica was on the first place in the world from a total of 398 nuclear units, an eloquent result for the production capacity of the company, not only at a national, but also at an international level.

Staying in the international classifications, based on the capacity factor, represents in fact the provision of certain investment plans, extremely thorough maintenance and control and adapting the clear needs, associated costs, without registering significant growth from one year to another.

The performance of a nuclear energy producer resides in its capacity to keep a high level of nuclear security, the associated results being dependent on this factor, the costs also being dependent on the level of nuclear security. The evaluation mission of World Association of Nuclear Operators, the international organization including and evaluating all nuclear units in the world, developed at CNE Cernavoda in November 2015, independently reconfirmed the extremely high level of nuclear security, classifying certain operating areas of the plant as being an example at an international level.

In 2015, Nuclearelectrica sold energy amounting to 10,780,618 MWh, of which 2,252,443 MWh on the regulated market, a percentage of 21%, according to the RAE Decision and 8,528,174 MWh on the competition market, representing the rest of 79%. The prices on the competitive market, under the influence of grants for renewable resources volatility, registered a drop from 4.9%, compared to 2014, which had an impact on the financial results.

The production capitalization under competitive market conditions allows a manufacturer to maximize the income from sales and a higher degree of accuracy in coordinating large investment projects, investments necessary for the industry development and provides robustness to the energetic system.

Even under these conditions, based on a sales-adapted strategy, the profile of Nuclearelectrica in 2015 is lei 149,144 thousand, 12% higher than in 2014, a turnover amounting to lei 1,749,911 thousand, EBITDA lei 653,902 thousand, by 8.8% higher than in 2014. The financial result of 2015 is a better reported one to the context of energetic market, the management's efforts being permanently directed to keeping a profit level allowing also the development of the investment necessary for the company to develop and dividend distribution in a satisfying percentage for the company's shareholders.



In this context, the management of Nuclearelectrica supports the necessity to apply certain correcting measures at a market level. The results of a manufacturer must be understood and quantified through reports on the market functionality and competitiveness degree.

In 2016, based on the same market restraints and legislation, Nuclearelectrica shall continue the endeavor to identify certain diversification opportunities providing the company with alternatives for growth.

Daniela Lulache
CEO



5. ACTIVITY ANALYSIS

5.1. Presentation of the company

5.1.1. Main activity of the company

S.N. Nuclearelectrica S.A. (“SNN” or “the Company”) is a national company having as main activity the production of electricity (NACE 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 designation 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 natural uranium as fuel. The initial project envisages the construction of 5 CANDU type nuclear units.

The Government’s strategy provided 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 2015, FCN Pitesti manufactured and delivered to Cernavoda NPP 11.628 nuclear fuel bundles, according to 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 2014 and 2015.



5.1.2. Mission, vision, values, objectives

Production: We safely produce clean energy, at a competitive and accessible price

Economically: We develop a strong company and add value to your interests

Socially: We create development conditions

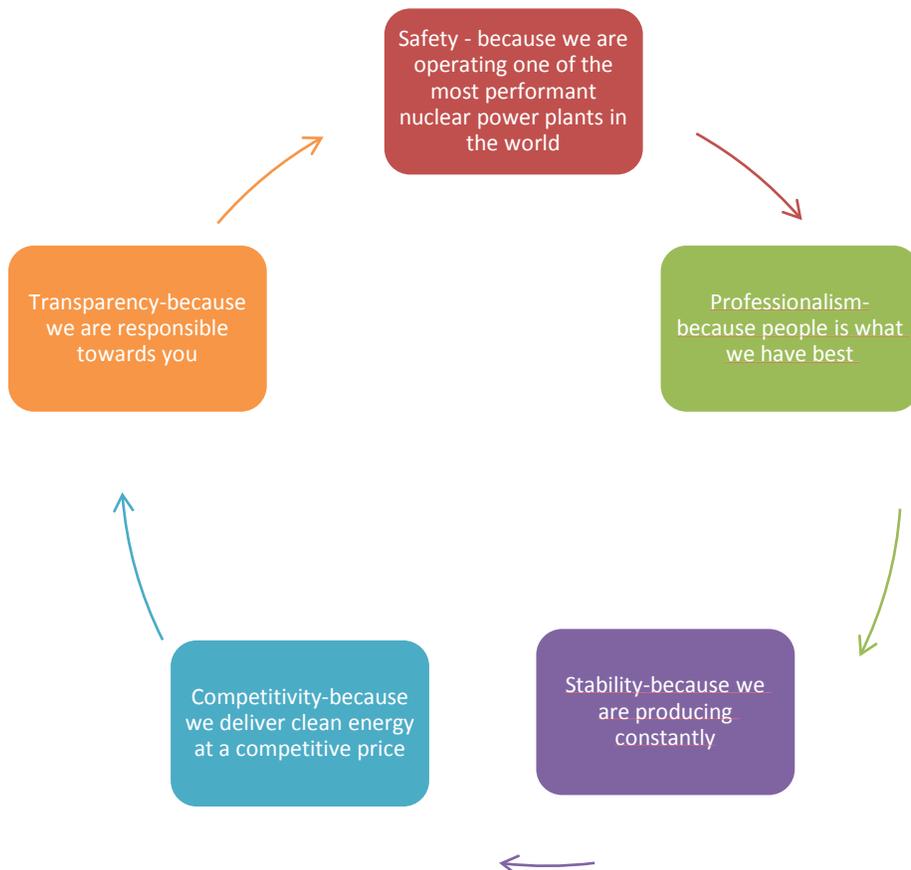
Characteristics:

- A high value of the use factor of the installed capacity; an installed power equal to a nuclear group produces a double quantity of energy compared to the conventional ones;
- Lack of green house-effect gas emissions;
- Low dependency of the cost of energy produced by the variations of the uranium price, due to its small share compared to other types of energy;
- The high technical level of the exploitation personnel, a reasonable level of the generation cost;
- The nuclear energy fully complies with the safety requirements for the provision, durable development and competitiveness.

Vision

Commitment for excellence. Action for results.

Values



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 31.12.2015 is as follows:

Shareholder type	Number of shareholders	Number of shares	% ownership of the share capital
Ministry of Energy	1	248.736.619	82,4959%
Fondul Proprietatea SA	1	27.408.381	9,0903%
Other legal entities (ownerships under 1%), out of which:	195	16.782.323	5,5660%
- from Romania	161	8.394.152	2,7840%
- from abroad	34	8.388.171	2,7820%
Individual entities (ownership under 1%)	3.459	8.586.528	2,8478%
TOTAL	3.656	301.513.851	100%

5.1.5. Significant mergers or reorganizations of the company

During the 2015 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 general under the common control of the Romanian State through different entities. SNN directly controls Energonuclear SA (“EN”) subsidiary, 100% ownership as at 31.12.2015.

5.1.6. Acquisitions and/or transfer of assets

During the 2015 financial year, no acquisitions of assets occurred, except those necessary for operating 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 152.83 million in 2015.

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 installments payment. The total revenue from the transfer of assets was in amount of Lei 171 thousand in 2015.

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	2015	2014	% 2015 vs. 2014
1	2	3	4
Net profit	149.144	133.065	12,1%
Gross operating profit from exploiting	160.139	175.209	-8,6%
Turnover	1.749.911	1.796.119	-2,6%
Operating expenses	1.622.858	1.639.043	-1,0%
EBITDA	653.902	601.082	8,8%
Liquidity (cash and cash equivalent plus bank deposits)	1.361.218	1.183.741	15,0%
% market share*)	20,6%	18,03%	14.25%

Indicator/ Ratio	Calculation formula	m.u.	2014	2013
Profit indicators				
a) EBITDA to total sales	EBITDA/Turnover	%	37.4%	33,5%
b) EBITDA return on equity ratio	EBITDA/Equity	%	8.7%	8,1%
c) Gross profit ratio	Gross profit/Turnover	%	10%	8,6%
d) Return on equity	Net profit/Equity	%	2,0%	1,8%
e) Return on assets	Net profit/Total assets	%	1,6%	1,4%
Liquidity and solvability indicators				
a) Current liquidity ratio	Current assets/short term liability	x	4,42	3,70
b) Quick liquidity ratio	Current assets-inventories/short term liability	x	3,65	3,01
c) Patrimonial solvency	Equity/total liability	x	3,63	3,14
Risk indicators				
a) Indebtness	Borrowed equity/own equity	x	0,20	0,23
b) Interest coverage ratio	EBIT/Interest liability	x	7,79	7,03
Activity indicators				

a) The rotation speed of debits-clients	Adjusted average balance suppliers VAT x 365/ Turnover	days	33	28
b) The rotation speed of credits -suppliers	Adjusted average suppliers balance x 365/Turnover	days	27	32

Indicator	2015	2014	% 2015 vs. 2014
Gross production [GWh]	11.639	11.676	99,68%
Net production [GWh] – delivered in NES	10.695	10.754	99,45%
Average capacity factor (%) – Unit 1	96,92	91,14*)	106,34%
Average capacity factor (%) – Unit 2	92,23*)	98,05	93,63%
Average personnel number	2.034	2.084	97,60%

*) year with planned down-time

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

No.	Indicator (thousand lei)	Achieved 2015	Budgeted 2015*)	Achieved 2014	% 2015 vs. 2014	
					col. 5=2/3	col. 6=2/4
0	1	2	3	4		
1	Operating revenues	1.782.998	1.765.015	1.814.253	100,0%	98,3%
2	Operating expenses	(1.622.858)	(1.691.010)	(1.639.043)	97,2%	99,0%
3	Operating profit	160.139	74.005	175.209	140,9%	91,4%
4	Financial expenses	(150.843)	(138.917)	(117.836)	116,5%	128,0%
5	Financial revenues	169.028	119.159	96.954	92,3%	174,3%
6	Net financial expenses	18.185	(19.758)	(20.882)		
7	Profit before income tax	178.324	54.247	154.327	106,6%	115,5%
8	Net income tax expense	(29.180)	(15.904)	(21.262)	92,3%	137,2%
	Profit for the year	149.144	38.343	133.065	109,9%	112,1%

*) 2015 Budget, rectified, approved by GD no. 468/24.06.2015

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 meteorological 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 (netto), 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:

Energy production	2015			2014		
	Unit 1	Unit 2	Total	Unit 1	Unit 2	Total
Gross production (GWh)	5.997	5.642	11.639	5.624	6.051	11.675
Net production (GWh)	5.505	5.204	10.709	5.165	5.589	10.754
Capacity factor (%)	96,92	92,23	94,15	91,14	98,50	94,44

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

Event	No. outage days	
	2015	2014
Planned outage U1	4,40	29,66
Planned outage U2	24,20	2,05
Subtotal planned outages	28,60	31,71
Unplanned outage U1	1,74	0,65
Unplanned outage U2	-	0,92
Subtotal unplanned outages	1,74	1,57
TOTAL	30,34	33,28

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

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 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 2015 and 2014 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:

- regulated contracts concluded on the regulated market with the last resort suppliers with a view to supply power to their consumers at regulated tariffs;
- 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);
- sale-purchase contracts for thermal energy. The thermal power produced and sold in 2015 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.
- 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 2015.

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 2015 the energy quantity sold on regulated contracts represented approximately 20.8% of the total sales, SNN reducing its dependency on the regulated contracts compared to 2014 when this percentage was 34.4%. The sales revenues on the regulated market in 2015 represented approximately 21% in the total revenues, while in 2014 these represented 33%.

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

Indicator	2015	2014	2013	2012
Energy sold by SNN (GWh)	10.824	10.876	11.013	10.831
Production share sold on the regulated market	20,8%	34,4%	48%	69%
Energy sold on the regulated market (at national level) (GWh)	6.410	9.000	15.338	23.077
SNN share in total regulated market	35%	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 2015 are CMBC (centralized market for bilateral contracts) and CMBC-LE (centralized market for bilateral contracts of electric energy – extended bidding of contract trading modality), CMBC-CN (centralized market for bilateral contracts with continuous negotiation) and CMUS (centralized market for universal service).

In 2015, SNN concluded on the centralised markets administered by OPCOM a number of 174 selling contracts with 35 buyers (there are cases when the same buyer won several bids). Out of the 35 buyers on the competitive markets, only 15 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 34.4% of the sold energy; the first buyer overtook 20.3% and the second 9.7%. 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 2015, from a minimal price of 157.41 lei/MWh in the third quarter to a maximum of 167,60 lei/MWh in the first quarter, the prices for each month in 2015 being majorly influenced by the weight of renewables in the National Energy System, as well as hydro as well as the decreasing price of Tg starting with June of 2015, with 6.25 lei/MWh.

The average price for the contracts concluded on the OPCOM markets with delivery in 2015 was 4.5% less than



the one registered in 2014.

Energy sale/purchase agreements on the competitive market (The Day Ahead Market – PZU managed by OPCOM)

The company may perform transactions on the Centralized Electrical Energy Market for the Day Ahead Market based on the convention concluded on June 16th, 2008 with the Electrical Energy Market Operator “OPCOM” S.A.

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.

The energy sold on DAM by SNN represented approximately 10.2% of the total sales in 2015, with a slight increase compared to 2013 (9.5%).

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 161.95 lei/MWh for the based load energy and 185.2 lei/MWh for the energy delivered during peak hours in 2015.

The convention to participate in the green certificates market

The company has the right to attend both on the Centralized market of green certificates and on the Bilateral contracts market of green certificates, based on the Attendance convention on the Green Certificates Market concluded on November 22nd, 2010 and renewed on September 12th, 2014, for an unlimited period of time, between the company, as a participant, OPCOM as administrator of the green certificate market and Transelectrica, as a transport and system operator.

The green certificates acquisition obligation 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.

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

Indicator (thousand lei)	2015		2014	
	thousand lei	%	thousand lei	%
Sales revenues, out of which :	1.748.669	98,07%	1.794.623	98,92%
Electricity sales revenues	1.671.319	95,58%	1.683.032	93,78%
Green certificates sale revenues	7	0,00%	270	0,02%
Thermal power sale revenues	2.096	0,12%	2.049	0,11%
Electricity transport revenues	75.247	4,30%	109.273	6,09%
Other operating revenues	34.329	1,93%	19.629	1,08%
TOTAL operating revenues	1.782.998	100%	1.814.252	100%

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

5.3.4. Sales evolution on the internal and/or external market and medium to long-term perspectives

The evolution of the sales on the principal markets in the last 2 years, quantitative and as value is presented in the following table:

Indicator (lei)	2015		2014	
	GWh	Value (thousand lei)	GWh	Value (thousand lei)
Electricity sales, out of which:	10.824	1.671.325	10.875	1.683.032
Regulated contracts	2.252	357.308	3.742	561.837
Contracts on the free market , out of which	8.572	1.313.971	7.133	1.121.195
- <i>CMBC contracts</i>	7.420	1.161.278	6.069	979.909
- <i>DAM contracts</i>	1.108	152.062	1.032	140.399
- <i>Balancing market*)</i>	44	631	32	887

*) 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 2 between May 9 - June 1, 2015 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 having influences on maintaining higher volumes on the spot market.

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. For 2016 the quantity awarded to SNN by ANRE for the regulated contracts is of 14.4% of the NPP production program.

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.

Until the date of this Report, there is no data published by ANRE regarding the energy market in 2015, on December 31, 2015. According to the statistical centralized data by Transelectrica so far, in 2015, the SNN production represented 17.74% 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	2015		2014	
	GWh	%	GWh	%
Classical	28.238	43,05%	26.592	42,02%
Hydro	16.686	25,44%	18.997	30,02%
Nuclear	11.639	17,74%	11.675	18,45%
Wind	7.044	10,74%	4.723	7,46%
Photovoltaic	1.987	3,03%	1.295	2,05%
TOTAL	65.597	100%	63.284	100%

Source: The National Institute for Statistics – Press release no. 37/2016

The estimated gross energy production in Romania increased almost 3.7% in 2015 compared to 2014 while the



estimated consumption increased with 6%. In 2015 the export on national level increased with 28% according to the value of the year before, being supported by the regional market coupling starting with November 2014, reaching a value of 10.503 GWh, a volume which represents 87% of the population consumption, this one being of 12.052 GWh, from a total national consumption of 52.565 GWh.

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).

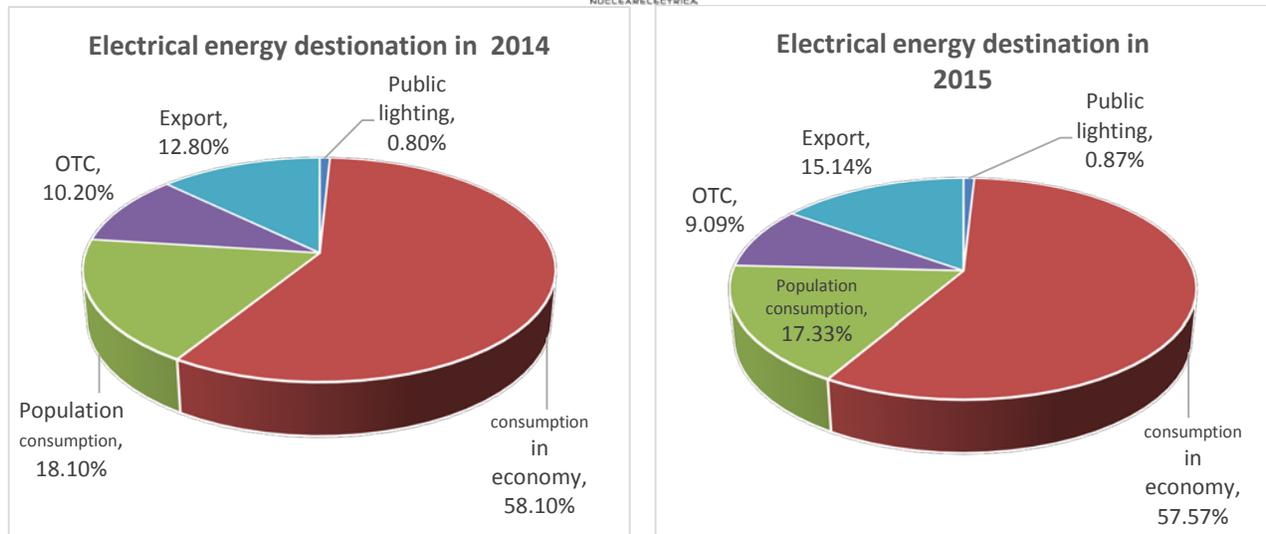
In 2015, the weight of the energy sold by SNN on the regulated market, in the total of the energy contracted on this market, was 35.1% (ANRE Report). Throughout 2015 the gradual liberalization of the energy market continued and ANRE reduced SNN's market share for the regulated market down to 21% of the 2015 production and established a new regulated price. Thus, in 2015, SNN had a supplementary participation on the competitive market compared 2014, 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 2015, the quantity of electricity sold by SNN was 10.824 GWh (including the quantity sold on the balancing market), while in 2014 the sold quantity was 10.875 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 2014, SNN sales represented nearly 22% of the final energy consumption needs, in 2015, SNN sales represented nearly 20.6% of the final energy consumption of the national economy, which was 52.565 GWh, 6.0% more than in 2014.

The structure of the final national consumption of energy in 2014 and, respectively 2015 is the following



Source: The National Institute for Statistics-Press release no. 37/2016 (OTC: own technological consumption in networks and stations)

5.3.6. Dependency on a single client or group of clients

In 2015, the weight of the energy sold by SNN on the regulated market in the total of the energy traded on this market was 35.1% (ANRE Report). Throughout 2015 the gradual liberalization of market continued, and ANRE lowered SNN share for the regulated market down to 21% of the 2015 production and established a new regulated price. In 2016, the energy quantity that to be sold by SNN on regulated contracts is significantly lower than in 2015, namely 14.4% 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 2015, SNN concluded on the markets administered by OPCOM 174 energy sale contracts with 35 buyers (there were situations when the same buyer won several bids). Out of the 35 buyers on the competitive market, only 15 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 34.4% of the sold energy; the first buyer overtook 20.3%, and the second 9.7%. 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 2015 to OPCOM, which acts as central party on DAM; sales on DAM represented 10.2% of the total volume of energy sold by SNN in 2015. 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.

5.5 The technical-material supply activity

The technical-material supply regarding materials and products necessary to unfolding the activities is achieved by both indigineous 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 2015, SNN initiated and unfolded 341 awarding procedures with an estimated cumulated value of 1.641.122.407 lei, equivalent of Euro 371.294.662.

In total, in 2015, for both headquarters and subsidiaries, 383 contracts were concluded.

The most important procedures completed in 2015 grouped on types of contracts are presented below:

Supply contracts concluded by SNN in 2015

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 redundence 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 2015 the safety inventory of critical spare parts was updated.

In 2015, the Company concluded a series of supply contracts of raw materials, spare parts, components and equipments, among which the most important are:

- The frame agreement no. 472/10.06.2015, concluded with Robomatic SRL (ASCO Valves provider), for the acquisition of Electromagnetic taps and ASCO-make components. The maximum value provisioned of the frame agreement is EUR 1,145,881, without VAT. The validity of the frame agreement is 48 months;
- The Contract no. 994/09.10.2015, concluded with Hana Impex SRL (Taprogge GmbH provider), for the Retooling of the ball cleaning systems of the E and F water rooms of the Unit 1 condenser from CNE Cernavoda. The contract price is EUR 803,756;
- The Contract no. 1125 from 11.11.2015, concluded with the National Administration of State Reserves and Special Issues (ANRSPS), for the acquisition of 6 tons of heavy water for adding to the reserve at Units 1 and 2 from CNE Cernavoda. The price of the contract is lei 11,066,280 (the equivalent of approx. EUR 2.5).

Contracts of services concluded by SNN in 2015

In 2015, 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. 2/2015 for 2015 (RUEC 44/2015) having as object: usage of the Danube cooling water for the nuclear of the power plant of a value of 58.112.064 lei and subscription no. 82/2011, to which Addendum no. 4 was concluded for 2015 (RUEC 170/ 2015), having as object the take back of used waters of a value of 11.056.826 lei. 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 2015 are:

- The Contract no. 208/18.03.2015, concluded with SC Mate Fin SRL, for Radio-active waste administration services of CNE Cernavoda. The contract price is EUR 22,090,000, for a period of 60 months;
- The Frame agreement no. 169/04.03.2015, concluded with the association Titan Echipamente Nucleare SA – TECNATOM Spain, for Integrated services for implementing and developing the snubber program (shock buffers) of CNE Cernavoda. The maximum amount provisioned is EUR 7,590,360, for a period of 48 months;
- The frame agreement no. 913/23.09.2015, concluded with INETEC - INSTITUTE FOR NUCLEAR TECHNOLOGY Croatia, for Location mapping services, prioritizing, inspections and technical assistance for the underground pipes and tanks within the premises of CNE Cernavoda. The maximum value provisioned is EUR 2,411,870, for a period of 48 months;
- The frame agreement no. 700/22.07.2015, concluded with the ASSOCIATION GMB COMPUTERS, AGER BUSINESS TECH, ELCOMEX, AMERILEX, for Full printing services, provision of new peripheral equipment for CNE Cernavoda, SNN Executive and FCN Pitesti. The maximum value provisioned is EUR 3,144,811, for a period of 48 months;
- The Contract no. 1100/03.11.2015, concluded with BWXT Canada, for Complete services of installation for new Access Gates (Inspection chambers) in the area of Water Supply Chamber /pre-heater in the steam generators. The contract price is 2,985,587 CAD.

Contracts of workings concluded by SNN in 2015

In 2015, the Company concluded a series of contracts of workings, among which the most important are:

- Contract no. 1396/30.12.2015, concluded with the ASSOCIATION GENERAL CONCRETE, ENERGOMONTAJ, ISPE, for Works necessary for changing the destination of existing buildings on site U5 from a nuclear/electrical plant into that of useful support objectives for the life/span of U1 and U2 operating and future U3 and U4 of CNE Cernavoda for the purpose of ensuring their operation under nuclear security conditions and compliance of all legal requirements. The contract price is lei 79,717,662, the equivalent of approx. EUR 18 mil.;
- Contract no. 316/22.04.2015, concluded with Energotech SA, for Retooling works for the 220V cc 1-5551-BAT 2A, BAT 2B and BAT 2C batteries and accumulators system from Unit 1 CNE Cernavoda. The contract price is lei 2,358,188;
- The Contract no. 1121/11.11.2015, concluded with the ASSOCIATION ELCOMEX IEA - HERBING, for Designing, acquisition, building-mounting works and for the start-up of installations for explosion prevention and fire extinguishing for the power transformers 1-5144-T03, 1-5144- T04, 1-5134-T05 and 1-5134-T06 from CNE Cernavoda. The contract price is EUR 447,733.

5.5. Human resources activity

The activity unfolded throughout 2015 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	2015	2014	2013
Average number of employees, out of which	2.034	2.084	2.106
Undetermined duration	2.021	2.078	2.099
Determined duration	13	6	7

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

Studies	2015	2014	2013
University degree	923	918	910
High school degree	1.140	1.174	1.196
Total	2.063	2.092	2.106

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 31st of December 2015, nearly 76% of the employees were union members compared to 2013 when 82% of the employees were union members, respectively 72% in 2014.

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 best power plants in the world.

The personnel training programs from CNE Cernavoda were evaluated by a WANO expert team, who positively evaluated the personnel knowledge and experience, as well as the involvement of the compartment heads in improving its performance by training.

The company remains firmly engaged in promoting labor health and security, as a priority instrument for keeping the company's performances in the top of the best plants in the world.

WANO peer review mission dated November 2015 at Cernavoda NPP did not find any “Areas for improvement” regarding labor safety. This is the third mission (in addition to the 2010 and 2013 ones) 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 2015, 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 1,11 man/MWe in 2015.

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 rights and obligations stipulated in the Collective Labor Agreement are drafted in full compliance with the human rights, the right to work according to the applicable law, the employees permanently benefiting from equal, non-discriminatory treatment, compliant with the nuclear industry standards at an international level, corroborated with the law and motivational packages adapted to the macro- and micro-economical specific from Romania.

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 regulation governing labor reports within the company is the Labor Code – Law 53/2003, with subsequent amendments and additions, based on which, during 2015, a new Collective Labor Agreement was negotiated, between the company’s Board of Directors and the employees, represented by the Syndicate of CNE Cernavoda – representative syndicate at the level of unit as a legal entity, registered at the Ministry of Labor on 24.06.2015 effective during 01.07.2015 - 30.11.2016. 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 2015 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 NPP Cernavoda branch

(i) Environment Authorization number 1/26.05.2008 issued by the Ministry of Environment and Durable Development for the operating of Units no. 1 and 2 of the Nuclearelectrica Cernavoda Plant, valid until January 5th, 2019. The permit covers all assets and activities corresponding to the operation of Unit no. 1 and Unit no. 2 of CNE Cernavoda, including a nuclear component, as well as a classic plant component. The Environment Authorization no. 1/2008 was issued without a conformation plan;

(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.

(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.

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, 2015, 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 in 2011 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.

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 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 2015, fact demonstrated by the results of the re-certification audit which took place in July 2015 at Cernavoda NPP and in October 2015 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 2015 the limits for pollutants set in environmental permits.

The positive results recorded in 2015, 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 2015 the total volume of solid radioactive waste, for both units, was 73.48 m³. Totally, till today, during 1996-2015 the total volume of solid radioactive waste, for both units, is of 690.69 m³

The waste is stored within the protection fence of Cernavoda NPP, inside the Intermediary storage for Solid Radioactive Waste.

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 2015, a number of 5,692 fuel bundles were transferred from Unit 1 and 5,048 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 10^9 m³/year of gaseous radioactive effluents, with 5 µgU/ m³ maximum concentration. The volume of gaseous radioactive effluents released in the atmosphere in 2015 represented 73% from the authorized volume and had a concentration of uranium representing 8.7% of the maximum allowed concentration.

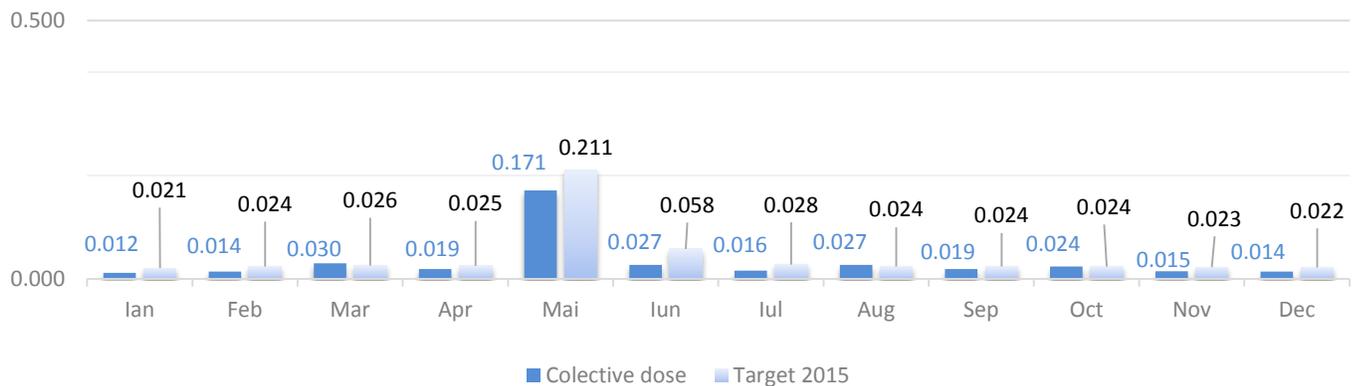
FCN Pitesti transferred in 2015 a volume of 600 m³ liquid radioactive effluents to the Cleaning Station of the Nuclear Research Institute (SE-ICN) which represented 30% of the maximum authorized volume, with an average concentration of 0.17 mgU/L, and representing 19% of the upper limit imposed in CNCAN permits (0,9 mgU/L).

A radioactive liquid waste volume of 280 m³, i.e. 35% 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).

6068.6 kg of non-incinerable and incinerable radioactive solid waste, of which 2673.3 kg incinerable radioactive solid waste, were transferred for treatment by incineration to STDR-ICN. A non-cremating radioactive solid waste transfer was performed (DSRN) at the Storage for final discharge of low-activity radioactive solid waste from CNU, Feldioara branch amounting to 4,772 kg DSRN (transport D55). Also, 2,833.3 kg of cremating radioactive solid waste were transferred (DSRI) for treatment by incineration at STDR-ICN.

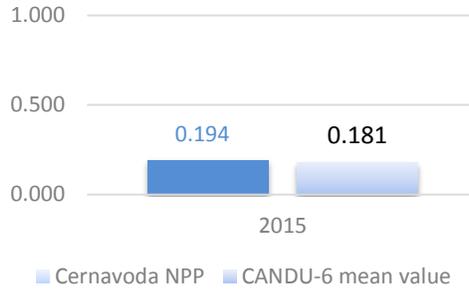
Information regarding monitoring and control of the individual dosage for the professionally exposed personnel is presented below:

Colective dose per plant U1 + U2 (Om*Sv)

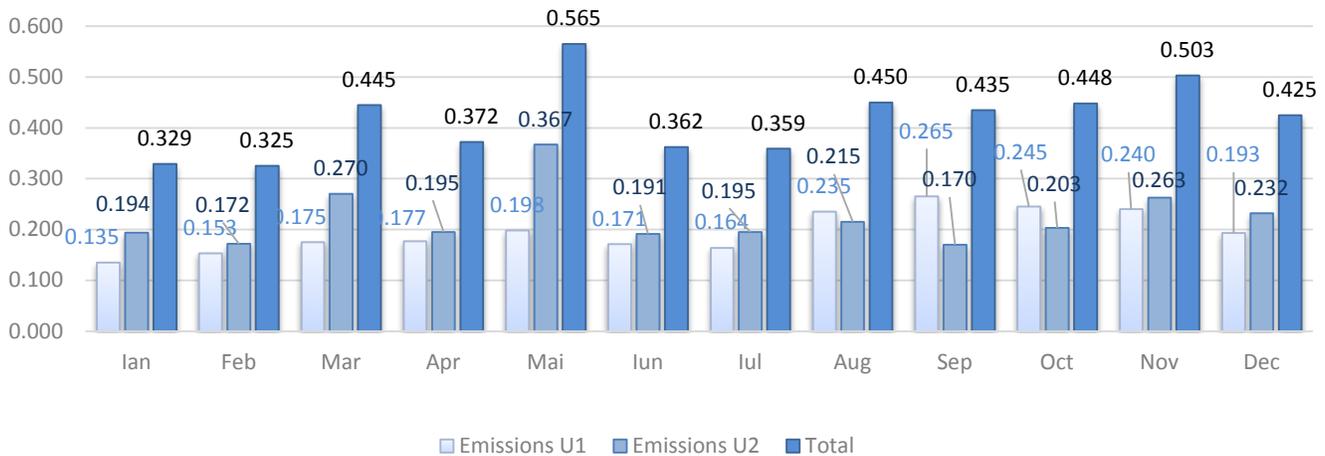




Colective dose – compared with annual average from CANDU-6 plants (Om*Sv/ unit)



Environment radioactive emissions U1 + U2 (microSv)



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 0.005017 mSv in 2015, 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 2015, the achieved collective dose was 388.1 mSv, the annual average dose for works with recordable doses was 0.43 mSv and the individual maximum dose was of 6632 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 2015, the internal collective dose was of 36.4 man mSv, representing 9.37% 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.

Keeping the organization's commitment for reducing the personnel exposure lead to obtaining top results regarding the collectively received dosage, placing both units within the first 25% of the plants evaluated by WANO.

After 2011, when the collective dosage registered a value of 393 om mSv, 2015 is the second year when the average per unit for this indicator is situated under 200 om mSv (194 om mSv).

The radioprotection program of the FCN Pitesti Branch has the objectives of maintaining exposure to ionization radiation to the lowest levels, individual radiological monitoring and of the work environment according to the current law and the requirements from the operating permits issued by CNCAN.

For the external exposure to ionization radiations, the entire personnel of FCN Pitesti is monitored using the system with Thermoluminescent Dosimeters (TLD-uri) measured within the Radioprotection Laboratory and Personal Dosimeters of FCN (LRDP-FCN), certified dosimeter authority by CNCAN with the assignation certificate FCN ODA04/2014 valid from October 17th, 2014 – October 16th, 2017.

Starting January 1st, 2015, FCN Pitesti reduced the Administrative Control Limit for the annual effective individual dose of the professionally exposed personnel from 18 mSv/year to 15 mSv/year and with it, the monthly derivation limit from 1.5 mSv/month to 1.25 mSv/month.

In 2015, the FCN collective dose was 597 om mSv, of which the collective dose following the external exposure was 526 om mSv. The collective dose following the internal exposure (71 om mSv) represented 11.9% of the collective dose of FCN per 2015. The individual average annual dose was 1.481 mSv/year, a dose representing 9.87% of the Administrative Control Limit for the individual annual effective dose for the professionally exposed personnel asserted by FCN Pitesti.

In december 2015, FCN Pitesti forwarded to CNCAN by SNN SA the technical documentation for re/authorization regarding the activity development in the nuclear field for 31.01.2016-30.01.2018. permits shall be issued in January 2016.



During the period November 23-27th, 2015 at FCN Pitesti was developed the SEDO checking mission of AIEA (IAEA Safety Evaluation During Operation follow up mission) with the purpose of stating the method of compliance for the recommendations resulted following the SEDO mission of AIEA from the period 19-30.11.2011 from FCN Pitesti. The AIEA team was made of 3 experts, one observer from CNCAN and SNN SA. The report of the SEDO checking mission shall be sent during the first part of 2016.

In 2015, FCN Pitesti manufactured a quantity of 11,628 bundles with natural uranium dioxide. From those, 10,800 FC were delivered to Cernavoda NPP for the 2 units in operation, as follows:

- 5,760 fuel bundles produced and delivered to Unit 1;
- 5,040 fuel bundles produced and delivered to Unit 2.

The failure rate of the nuclear fuel produced in 2015 was 0.010% for Unit 1 (only one nuclear bundle was declared defect on Unit 1 and 0% for Unit 2. For year 2015 the discharging average combustion degree was about 168.570 MWh/kg.U for Unit 1 and about 180.328 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 2015, 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 2015, 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 7 was completed and delivered during 2015;
 - Nuclear safety authorization for the operation and maintenance of modules 1,2,3,4,5, 6 and 7 of the Intermediary Used Fuel Storage, number SNN DICA – 02/2015. The authorization was issued for a period of 5 years, starting with 13.07.2015 until 12.07.2020;
 - 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 – 01/2015 is issued for a period of 2 years, starting with 01.05.2015 until 30.04.2017.
- (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 04-2014, 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-01/2015 was issued for a period of 2 years, starting with 01.05.2015 until 30.04.2017;
- 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 47 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. By the ANRE decision no. 2000/ 23.09.2015, the license was modified for the extension of the validity of the license till 21.10.2020.

(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) Sanitary authorizations – from which 6 authorizations for NPP Cernavoda and 2 authorizations and a sanitary note for FCN Pitesti

For environmental protection, the authorizations and certificates were distinctly presented 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.

Following the accident from Fukushima, the European Commission and the European Regulators Group of SNN decided that the nuclear security of nuclear plants in Europe should be reviewed based on transparent and risk extended evaluations, called „Stress tests”. The technical purpose of these stress tests was defined considering the risks pointed out by the events occurred at Fukushima. Emphasis was made on the following issues: initiation events, such as earthquakes and floods, the consequences of losing security functions during such events, as well as management difficulties for severe accidents.

CNE Cernavoda, with AECL Canada and ANSALDO Italy, issued the „Reevaluation report for the nuclear security margins”. The performed evaluation proves the fact that Units 1 and 2 from CNE Cernavoda comply with the nuclear security requirements established by the project and they can face severe earthquakes and floods, as well as the total loss of electrical energy and cooling water supply. Moreover, methods and procedures were identified for managing possible severe accidents. Also, methods were identified to prevent and limit the consequences of accidents which may determine the melt of the active area.



In order to provide a good coordination with the competent Local Public Authorities regarding the response to emergency situations, CNE Cernavoda established two important facilities for Cernavoda, and namely: the Local Center for Emergency Situations of the Cernavoda City 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 2008-2015, 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.
- 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) and AIEA GS-R-3. The Management System of SNN is authorized by CNCAN according to the Law 111/1996 by the Authorization of the quality management system in the nuclear field for leadership coordination no. SNN EX - 01/2015 (valid until 30.04.2017).

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 01/2015 (validity till 30.04.2017).

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 (validity till 26.04.2016). 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 DNV at the end of 2013 (validity till 13.01.2017).

In the year 2015, 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 2015.

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. The structure of the Quality Management System is authorized by CNCAN through the Authorization number 14-043 valid till 17.09.2016. The component "Environment Management System" developed in accordance with the requirements of ISO 14001:2004 standards was certified by SRAC in 2013 (validity till 06.11.2016). The component "Occupational Health and Safety Management System" (SMSSO) was certified by SRAC in 2013 (validity till 06.11.2016). 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 (validity till 06.11.2016).

In 2015 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.

5.11. Corporate Social Responsibility

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.

The social programs developed by SNN were focused ever since 1991 on local development and improvement of living conditions for the citizens of Cernavoda. Subsequently, the corporate social responsibilities activities of SNN were diversified and extended to all areas in the county and to different population groups.

SNN develops both its own corporate social responsibilities programs, but it is also involved in supporting the initiatives of the non-profit organizations in fields with a social impact such as: educational and research, humanitarian and cultural.

The main orientation directions for the corporate social responsibilities actions, according to the SNN activity, are:

- Actions dedicated mainly to students in the nuclear, energetic, technical fields and to young people in general, like courses, contests, creation and invention exhibits, etc;
- Actions dedicated to the development of local communities in the areas of Cernavoda and Pitesti, to the improvement of the way of living, access to quality medical services, helping the under-privileged population, providing opportunities for education, youth capability development, increasing the number and quality of green areas, etc;
- Active participation in certain organizations promoting sustainable public policies in the economic, energetic, social, cultural field, like professional associations, institutes, resource centers, etc.;
- Cultural and educational actions for an easier access to culture and personal development, supporting creativity and artistic manifestation, etc



- Humanitarian actions destined to help segments of population affected by natural disasters or individual cases of people with disabilities through associations in this field, dedicated actions, especially for elders and children

The SNN corporate social responsibility policy has the purpose of establishing the strategic orientation and primary directions of the company's involvement in philanthropic, charitable and humanitarian actions for the benefit of the communities nearby nuclear objectives operated by SNN (Cernavoda, Pitesti) and also at a national level. SNN considers that the company's constant development and its projects' sustainability for long-term development are strongly connected with the development, education, information, acceptance and public support of nuclear energy in Romania. Therefore, the investment of a share of SNN's annual profit in corporate social responsibility actions represents a part of the company's development strategy for 2015-2025.

Corporate social responsibility objectives:

- Creation and support of a sustainable business model, with responsible management and global policies adapted to local issues;
- The increase of the trust level and support for SNN's business model;
- Response to the community's real issues;
- Initiating the change we wish to see in the Romanian society;
- Developing relations with the local community, NGOs, opinion leaders;
- Attracting young specialists;
- Increasing the acceptance level for the use of nuclear energy in Romania and for the SNN investment projects;
- Being in line with the international standards and corporate social responsibility good practice, performed by the companies.

5.12. International Relations

The nuclear industry has a particular specific through the fact that inside it there is a continuous exchange flow of experience and information. Each nuclear plant operator is part of an international network of 440 nuclear units in 31 states. At international level, the leader in international cooperation, in the nuclear field, is World Association of Nuclear Operators (WANO), and at a governmental level, the International Association for Atomic Energy from Vienna (IAEA).

The purpose for the development of such international cooperation network is the analysis of different categories of events and dissemination of the lessons learned to eliminate recurrence, for promoting experiences and optimum practices adopted and implemented at an international level, benchmarking and evaluation of the standards implementation at an international level, control and monitoring of the performance indicators and upgrading them in order to constantly upgrade the nuclear security level, organizing inter-pares evaluation missions to provide the adherence and each operator of nuclear plant should adopt the best practices agreed at international level and evaluated by de facto performance.

Therefore, at the level of nuclear industry, it is created the so-called "inter-pares pressure", element which determines the maintenance of high standards of nuclear security. In general, the international cooperation programs, usually in the technical area, of operation, are divided in four distinctive categories: international evaluation missions, experience in operation, technical support and, implicitly, information and experience exchange and continuous technical and professional experience.



All information and data categories resulted following the development of such programs are disseminated to all members, within the international system.

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, international law.

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. The Affiliation to WANO eases the information exchange in the field of exploitation experience for the nuclear plants, enabling the WANO members to work together for reaching the highest standards in the exploitation fields of nuclear plants in conditions of high nuclear security and reliability. Through WANO, all owners of nuclear plants may communicate and exchange information between them openly and cooperatively. This working method allows each WANO member to benefit and learn from the experience of all the other members, to be aligned with the best world practices in this field, all with the final purpose of increasing the security degree in exploiting the nuclear plants they own.
- 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). The COG activity is generally grouped based on a regulation, research, maintenance, development, technical assistance, information exchange between the members programs.
- The International Agency for Atomic Energy (AIEA) serves as inter-governmental model for scientific and technical cooperation in the nuclear field. AIEA encourages the use of atomic energy by signatory states, providing them with the necessary technical assistance and experts on the field, respectively the necessary logistic base.
- 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.
- The European Atomic Fund, by affiliation to the Romanian atomic Forum, non-profit European Organization, with the purpose of supporting the purpose of the nuclear energy at a European level by actively being involved, with decision-making status in the energetic policy of EU, adopting positions, support provided for the member



states operating nuclear plants, involving specialists in work groups at the European level in order to centralize different points of view and measures.

- The result of the active participation within different international organisms is directly reflected in the performance indicators associated to the fields of operation, radioprotection and radioactive waste management.

5.13. Legal Activity/Disputes

The situation of ongoing litigations involving the Company is presented in Annex no. 8 to the hereby Report, consisting in 67 litigations where the Company is claimant/respondent, it was a civil party in two criminal files, and aggrieved party in one criminal file.

A number of 27 litigations were solved during 2015, and in other 15 litigations, court decisions were ruled during 01.01.2016 – 15.03.2016. The company requested the suspension and respectively cancellation of the measures ruled by Court of Auditors in May 2015, in 20 files. From the total number of 68 litigations, a number of 19 causes are over the amount of lei 50,000, 11 cases under the limit of lei 50,000 and for 38 cases, the amount was not yet determined or the object cannot be evaluated in cash.

Civil Disputes

- 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. ICCJ accepted the appeal, invalidated the Decision of the Appeal Court, following to send the file for re-judging the appeal
- File no. 35455/3/2013 (6165/2/2015) 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 binding the Company to pay the amount of lei 646,270.87 and lei 10,072.71 trial costs. The file is on the dockets for re-trial.
- 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 Court rejected the request. The Company made an appeal. 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. 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 court accepted the company's request. 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. 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 Court and the Court of appeal rejected the request.
- File 3490/121/2015 on the dockets of Galati Court of Law by which the Company requested Arcelor Mittal Galati S.A. the amount of lei 8,575,245.78 representing the difference in the counter value of selling laid off energy and other associated costs. The file is on the dockets.
- File 62136/299/2015 on the dockets of Sector 1 Court of Law, the company challenging a protocol for a ANRMAP fine. The Court of law rejected the company's complaint, which filed an appeal. The file is on the dockets.
- File no. 45494/3/2015 on the dockets of Bucharest Court of Law by which the Company requested the payment of a prejudice amounting to lei 708,407 by the former managers of the company and GMS members, following a measure ruled by the Court of Auditors in 2012. The file is on the dockets.
- File no. 4210/256/2014 on the dockets of Constanta Court of Law by which the Company requested the determination of the respondent S.C. CNE S.A. to leave in full property and possession the surface of 2,587 sqm situated in Cernavoda, platform CNE, adjacent to reactor no. 5 of the nuclear-electrical Cernavoda plant, county of Constanta. On the dockets and during the appeal, the court of law ruled the rejection of the action in contradiction with SC CNE SA.
- File no. 4869/256/2014 on the dockets of Constanta Court of Law by which the Company requested S.C. CNE. S.A. the evacuation from the land in surface of 597 sqm SNN property. In substance, the court accepted the company's request. The Claimant's appeal was rejected.
- File no. 6812/256/2014 on the dockets of Medgidia Court of Law by which the Company requested the determination of Saplacan Dan to pay the amount of lei 11,295.18 representing utilities and rent for the period January 2013 - April 2014. In substance, the Company's action was accepted and the appeal submitted by the respondent was rejected.
- File no. 6813/256/2014 on the dockets of Medgidia Court of Law by which the Company requested the determination of Ichim Victor to pay the amount of lei 4,268.99 representing utilities and rent for the period January 2013 – May 2014. In substance, the Company's action was rejected. After drafting the decision, we will submit an appeal.
- File no. 6814/256/2014 on the dockets of Medgidia Court of Law by which the Company requested the determination of Purcareata Ionel to pay the amount of lei 7,360.81 representing utilities and rent for the period January 2013 – February 2014. In substance, the action of the company was accepted in part, in the sense of determining the respondent to pay the rent and rejecting the claim regarding the payment of utilities. Was submitted an appeal. The file is on the dockets.
- File no. 668/36/2014 (challenge to annul) on the dockets of Constanta Court of Appeal by which Ichim Victor requested the determination of the company to conclude the sale/purchase agreement for the intervention home. The challenge to annul was rejected.
- File no. 10673/118/2010 on the dockets of Constanta Court of Law by which Sava Marian requested the court of law to determine the Company to evacuate the land corresponding to the thermal energy transportation pipes as well as to paying damages. For the litigation were called to pledge the town of Cernavoda through the Mayor, the Local Council of Cernavoda and the Mayor of Cernavoda. The file is still on the dockets.
- File no. 14951/118/2011 on the dockets of Constanta Court of Law by which the Company requested, in contradiction with SC Car Construct and SC CNE SA to launch in full property and possession the surface of 2,587 sqm situated in Cernavoda, CNE platform, adjacent to the reactor no. 5 of the Cernavoda nuclear-electrical plant, county of Constanta. The file is suspended based on art. 36 of the Law 86/2006, following the triggering of the bankruptcy procedure of SC Car Construct SRL.
- File no. 11481/256/2006 on the dockets of Constanta Court of Law by which the company requested the determination of Iosif Stelian Ilie and the members of his family to evacuate the company housing from Constanta, block BI3, ap. 15. In substance, the Company's request was accepted, the appeal drafted by the respondents was rejected. In question, the respondents drafted an appeal, as attack on the dockets.
- File no. 3657/256/2013 on the dockets of Constanta Court of Law by which the Company submitted a claim request of the T1 sector, work housing from Cernavoda, illegally occupied by the respondents, natural persons Tudose Alexandru, Laudatu Ioana, Purcarea Gica, Predoiu Bogdan, etc. In substance, the company's request was accepted and the respondents submitted an appeal which was rejected.



- File no. 1455/256/2015 on the dockets of Medgidia Court of Law by which the Company requested the determination of the respondent SC ARGOS SA to pay the amount of lei 8,680 representing the counter value of the rent for the vessel Gabara weighing 1,000 tons. The file is on the dockets.
- File no. 5652/256/2015 on the dockets of Medgidia Court of Law by which Enescu Maria submitted an appeal to the enforcement initiated for the recovery of the amount of lei 22,019 representing compensation for the default of obligation to clear the work housing. In substance, the appeal was accepted. After drafting the decision, the Company shall submit an appeal.

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. in bankruptcy with the amount 260.836,81 lei. The file is pending.
- File no. 7238/120/2012 on the dockets of Dambovitza Court of Law by which the Company was registered in the creditor's group of the debtor S.C Eco Energy S.R.L. undergoing bankruptcy procedure, with the amount of lei 2,464,059.64. The file is on the dockets.
- 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 3.369.886,85 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 2,713,986.71lei. The file 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. The case is pending.
- File 9089/101/2013 on the dockets of Mehedinti Court of Law by which the company registered to the creditor's group of the debtor RAAN undergoing bankruptcy procedures, with the amount of lei 7,828,405.48, Euro Insol SRL being appointed Euro liquidator. The file is on the dockets.
- File no. 10498/118/2008 on the dockets at Constanta Court of Law by which the Company registered at the creditor's group of the debtor SC Detacan SA undergoing bankruptcy procedures, with the amount of lei 41,185.28. the file is on the dockets.
- File no. 3869/118/2009 on the dockets of Constanta Court of Law by which the Company registered at the creditor's group of the debtor SC CLS SA undergoing bankruptcy procedures, with the amount of lei 14,872.81. The file is on the dockets.
- File no. 6034/118/2012 on the dockets of Constanta Court of Law by which the Company registered at the creditor's group of the debtor SC Katon SA undergoing bankruptcy procedures, with the amount of lei 77,349. The file is on the dockets

Legal disputes

- File no. 3793/2/2013 on the dockets of the Bucharest Court of Appeal, by which the claimant Greenpeace CEE Romania requested the cancellation of the issuing decision for the environment agreement and cancellation of the environment agreement for the project of Units 3-4, acting as respondent the Company, the Ministry of Environment and the Romanian Government. In the substance, the court of law rejected the annulment request. The claimant drafted an appeal. The file is on the dockets.



- File no. 416/2/2014 on the dockets of the Bucharest Court of Appeal, by which the Company requested the cancellation of the RAE Decision no. 3609/2013 by which it was approved the regulated fee for 2014. The court of law rejected the summons, the Company drafted an appeal. The file is on the dockets.
- File no. 21040/299/2014 on the dockets of the Bucharest Sector 1 Court of Law, by which the company requested the cancellation of the contravention protocol ANRMAP – fine of lei 30,000. The court of law rejected the request. The Company submitted an appeal. The file is on the dockets.
- The file no. 38724/3/2014** on the dockets of the Bucharest Court of law with the Company as a third party garnishee the cause having as object the enforcement from the enforcement file 22/2014 the creditors being Multipack European Food, Starmill and Micula Ioan against the Romanian State by the Ministry of Public Finances. The court of law suspended the trial until the final resolution of the file no. 15755/3/2014.
- File no. 3706/302/2014 on the dockets of Sector 5 Court of Law with the Company as conteste third party garnishee with the object appeal for the enforcement regarding the cancellation of the measure for the garnishee establishment, the respondents being Multipack SA, Eurpean Food SA, Starmill SA and Micula Ioan. The court of law rejected the appeal as unacceptable. With appeal. The file is on the dockets.
- File no. 4960/2/2015 on the dockets of the Bucharest Court of Appeal, where the Company requested the suspension of the measure regarding D&O insurance policies, ruled by the Court of Audits by Decision no. 16/11.05.2015 and conclusion no. 59/17.07.2015. The court accepted the suspension request of the proposal to enforce the measure. The respondent submitted an appeal.
- File no. 4961/2/2015 on the dockets of the Bucharest Court of Appeal, by which the Company requested the suspension of the measure regarding rest and treatment services ruled by the Court of Auditors by Decision no. 16/11.05.2015 and Conclusion no. 59/17.07.2015. The court of law rejected the request for suspension of enforcing the measure. The Company submitted an appeal.
- File no. 4962/2/2015 on the dockets of the Bucharest Court of Appeal, by which the Company requested the suspension of the measure regarding PhD bonuses and preventive financial control and compensation paid by the company based on enforcement titles ruled by the Court of Auditors by Decision no. 16/11.05.2015 and Conclusion no. 59/17.07.2015. Regarding the bonuses, the court of law rejected the request as being with lack of interest due to the fact that it had been solved in favor of the company in another file initiated by the CNE Cernavoda Syndicate, and regarding the compensation, the court of law rejected the request.
- File no. 4968/2/2015 on the dockets of the Bucharest Court of Appeal, by which the Company requested the suspension of the measure regarding the payment of the legal advisers fees ruled by the Court of Auditors by Decision no. 16/11.05.2015 and conclusion no. 59/17.07.2015. The court of law accepted the suspension request. The respondent submitted an appeal.
- File no. 4969/2/2015 on the dockets of the Bucharest Court of Appeal, by which the Company requested the suspension of the measure regarding Microsoft ruled by the Court of Auditors by Decision no. 16/11.05.2015 and conclusion no. 59/17.07.2015. the court of law accepted the suspension request. The respondent submitted an appeal.
- File no. 4970/2/2015 on the dockets of the Bucharest Court of Appeal, by which the Company requested the suspension of the measure regarding non-residents ruled by the Court of Auditors by Decision no. 16/11.05.2015 and conclusion no. 59/17.07.2015. The court of law accepted the suspension request. The respondent submitted an appeal.
- File no. 4971/2/2015 on the dockets of the Bucharest Court of Appeal, by which the Company requested the suspension of the measure regarding the development of the contract with the company General Concrete S.A. ruled by the Court of Auditors by the Decision no. 16/11.05.2015 and conclusion no. 59/17.07.2015. the court fo law rejected the suspension request. The company submitted an appeal.
- File no. 4902/2/2015 on the dockets of the Bucharest Court of Appeal, by which the Company requested the cancellation of measures regarding the payment of fees for legal advisers and PhD bonuses and preventive financial control ruled by the Court of Auditors by Decision no. 16/11.05.2015 and Conclusion no. 59/17.07.2015. The court of law cancelled the measure.
- File no. 4959/2/2015 on the dockets of the Bucharest Court of Appeal, by which the company requested the cancellation of the measure regarding the rest and treatment services ruled by the Court of Auditors by Decision no. 16/11.05.2015 and conclusion no. 59/17.07.2015. The File is on the dockets.
- File no. 4906/2/2015 on the dockets of the Bucharest Court of Appeal, by which the company requested the cancellation of the measure regarding the acquisition procedure of two contracts ruled by the Court of Auditors by



decision no. 16/11.05.2015 and Conclusion no. 59/17.07.2015. The court of law suspended the trial of the cause until the final resolution of the case 62136/299/2015 on the dockets at Bucharest Sector 1 Court of Law.

- File no. 4912/2/2015 on the dockets of the Bucharest Court of Appeal, by which the company requested the cancellation of the measure regarding the D&O insurance policies ruled by the Court of Auditors by Decision no. 16/11.05.2015 and Conclusion no. 59/17.07.2015. The court of law cancelled the measure.
- File no. 4946/2/2015 on the dockets of the Bucharest Court of Appeal, by which the company requested the cancellation of the measure regarding the performance of the contract with the company General Concrete S.A. ruled by the Court of Auditors by Decision no. 16/11.05.2015 and conclusion no. 59/17.07.2015. The file is on the dockets.
- File no. 4964/2/2015 on the dockets of the Bucharest Court of Appeal, by which the company requested the cancellation of the measure regarding the compensation paid by the company based on enforcement titles ruled by the Court of Auditors by Decision no. 16/11.05.2015 and Conclusion no. 59/17.07.2015. The court of law rejected the company's action.
- File no. 4965/2/2015 on the dockets of the Bucharest Court of Appeal, by which the company requested the cancellation of the measure regarding Microsoft ruled by the Court of Auditors by decision no. 16/11.05.2015 and the Conclusion no. 59/17.07.2015. The Court of law accepted the Company's requests.
- File no. 4958/2/2015 on the dockets of the Bucharest Court of Appeal, by which the company requested the cancellation of the measure regarding non-residents ruled by the Court of Auditors by Decision no. 16/11.05.2015 and Conclusion no. 59/17.07.2015. The file is on the dockets.
- File no. 6882/2/2015 on the dockets of the Bucharest Court of Appeal with an ongoing challenge for annul drafted by Hudrea Gheorghe against an unfavorable decision. The file is on the dockets.

Labor litigations

- File no. 33243/3/2014 on the dockets of the Bucharest Court of Law, by which Ivascu Tiberiu challenged the dismissal decision and requested payment of compensation. The Court of Law rejected the requests. The claimant submitted an appeal. The file is on the dockets.
- File no. 45487/3/2015 on the dockets of the Bucharest Court of Law by which the Company requested payment of a prejudice amounting to lei 708,407 by 9 SNN employees, following a measure ruled by the Court of Auditors in 2012. The file is on the dockets.
- File no. 3817/118/2014 on the dockets of Constanta Court of Law, by which it was requested by Mihalache Gabriel the counter value of 12 compensatory wages according to CCM SNN. The Court of Law rejected the request of the claimant. The company's appeal was rejected.
- File no. 3677/118/2014 on the dockets of Constanta Court of Law, by which it was requested by 10 employees the registration in the superior labor group for the period 1987-1995. The file up to resolution of 4324/1/2015 by ICCJ.
- File no. 4073/118/2014 on the dockets of Constanta Court of Law, by which was requested by 13 employees the provisioning of special work conditions for the period 2001 up to present time, the request having the object of registering them in the superior labor group between 1987-1995. The file is on the dockets.
- File no. 6054/118/2014 on the dockets of Constanta Court of Law by which Rosu Ghe. Cristinel drafted a challenge to the decision for disciplinary termination of the Individual Labor Agreement, requesting the determination of the Company to reinstate him on the job, wage payment until the date of effective reinstatement. In substance, the request was rejected. The contester submitted an appeal, method of attack accepted with the consequence of changing the sanction of terminating the labor agreement and reducing the wage for two months by 10%.
- File no. 4612/118/2015 on the dockets of Constanta Court of Law by which Draghici Radu Valeriu requested the determination of the Company to issue a certificate with the income made during 18.03.1985-01.06.1994 and 01.05.1995-2001. The file is on the dockets.
- File no. 7772/118/20152015 on the dockets of Constanta Court of Law by which Draghici Radu Valeriu requested the determination of the company, based on the GD 1041/2003, to provide a free quota of electrical energy within the limit of 3600 kwh/year, for the domestic consumption, retroactive payment of the amounts representing the counter value of the electrical energy quota within the limit of 3600kwh/year, calculated since the moment of retirement until the final decision of the court. The file is on the dockets.



- File no. 6403/118/2015 on the dockets of Constanta Court of Law by which Guz Nicu drafted a challenge to the decision for the disciplinary termination of the individual labor agreement, requesting the determination of the Company to reinstate him on the job, wage payment until the effective reinstatement date. The file is on the dockets

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". Following the appeal formulated in the case of Fondul Proprietatea, the court of law cancelled the challenged decision and sent the cause for re/trial to the same court of law that suspended the cause resolution in relation to the fact that Bucharest Court of Law and Craiova Court of Appeal requested explanations to the Justice court of the European Union regarding the possibility of welfare regarding projects which are the object of the AGEA SNN Decision no. 1/11.03.2014.
- 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.

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 Cezar, 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. As civil responsible party the company Tess Conex S.A. Iasi is part of the trial. The court of law sentenced the defendants in paying a prejudice of lei 13,453,181.19. They submitted an appeal. The file is on the dockets.
- File no, 1532/1/2015 before the ICCJ, where the company was the capacity of civil party, the charges being acceptance of bribe as per art 289 of the New Criminal Code by Elena Udrea and a group of defendants (Gala Bute). The file is on the dockets.
- File no. 409/2/2016 before the Bucharest Court of Appeal, on the subject of appeal to the judicial control measures against a group of defendants who commites several crimes ((Constituting the criminal group, tax evasion, forgery, taking / giving bribes), among which the liquidator Tudor Ion from Cet Energoterm S.A. Resita company, the creditor of which SNN is. SNN is an injured party in the trial. The file is on the dockets.
- File np. 1794/118/2016 before the Constanta country Tribunal, on the charges of abuse of power, conflict of interest of a group of employees of the company: Bucur Ionel, Negulici Elena, Olteanu Madalina, Encica Ionel, Nicola Laurentiu, Daramus Victor, social responsible party being the company Davi Security SRL (in insolvency) by judicial administrator. SNN is a civil party in the case for the amount of 3.471.463 Euro.

Disputes finalized during 2015

- File no. 40510/3/2014, President Ordinance, on the dockets of Bucharest Court of Law, by which the claimant S.C. Fondul Proprietatea S.A. requested the suspension of the Decision of the EGAS no. 8/06.10.2014 up to the final resolution of the file no. 40046/3/2014. The court of first instance and the appeal court rejected the request.



- File no. 8308/95/2014 on the dockets of Gorj Court of Law, by which was requested by Dobrota Dumitru the provision of a bonus of 30% of the basic wage for the period he was employed a manager of FCN Pitesti Branch. The first instance and court of appeal rejected the claimant's request.
- File no. 6850/3/2014 on the dockets of Bucharest Court of Law, by which was challenged the decision for suspending the Company's labor agreement by Marcuta Marius Mihai.
- File no. 1867/90/2010 on the dockets of Valcea Court of Law by which the company requested the registration in the creditor's group of the debtor S.C. Total Electric Oltenia S.A. undergoing bankruptcy for the amount of lei 198,602.5 representing delay penalties for the invoice no. 1881695/30.06.2006 issued according to the electrical energy sale-purchase agreement no. 378/2006 and a number of 66 invoices, in relation to the provision of the Convention for attending the Day Ahead Market no. 5857/2005. The court of law of first instance and appeal accepted the debtor's challenge.
- File no. 22981/280/2013 on the dockets of Arges Court of appeal against the civil decision by which rejected the request of SC Construct ECI Company 2000 SRL regarding the Company's determination to pay the amount of lei 32,073.29 representing the counter value of additional material used for hall building. The court of appeal rejected the appeal.
- File no. 33659/3/2012 on the dockets of Constanta Court of Law by which the Company requested the determination of the respondent Cernavoda City Hall in paying the amount of lei 336,707.37 as trial costs. The file was declined at Medgidia Court of Law. In substance, Medgidia Court of Law determined Cernavoda City Hall in paying the amount of lei 50,000 to SNN. The court of first instance and appeal maintained the decision of the court of first instance.
- File no. 22456/3/2012 on the dockets of Bucharest Court of Law by which the Company requested the registration in the creditor's group of the debtor S.C. Hidroelectrica S.A. with the amount of lei 69,936,482.46, of which (i) lei 22,507,821.02 penalties according to the criminal clause in the sale/purchase agreement for electrical energy no. 144/03.02.2011; (ii) lei 28,773,061.96 according to the civil sentence no. 6037/07.05.2012 ruled by the Bucharest Court of Law; (iii) lei 18,655,479.18 penalties calculated according to the criminal clause in the sale/purchase agreement of electrical energy no. 821/01.10.2007 and (iv) lei 120.3 stamp and legal duty. The legal administrator registered Nuclearelectrica in the preliminary table of debts with the amount of lei 28,773,061.96 (uncovered debt), for the rest of the amount, the request was rejected. Against these mentions from the preliminary table, the Company submitted an appeal, in the sense of accepting the entire debt, which was the object of the file no. 37059/3/2012, registered on the dockets of Bucharest Court of Law. The Court of Law rejected the Company's appeal as being ungrounded. The company submitted an appeal. The appeal was accepted, the court of law determining the legal administrator to register the debt amounting to lei 69,936,482.46 in the preliminary debt table. The decision is irrevocable. The company concluded with Hidroelectrica, on 17.06.2013, a Convention by which Hidroelectrica undertook to pay SNN the debt in the total amount of lei 70,093,550.47, by 24 equal monthly installments starting July 2013. Hidroelectrica paid the debt in full.
- File no. 47741/299/2014 on the dockets of Bucharest Sector 1 Court of Law by which the Company requested the determination of the respondent MAC 3 S.R.L. to pay the amount of lei 6,315 representing penalties following not concluding a subsequent agreement based on the frame agreement concluded following a public acquisition procedure. The decision remained final by not submitting an appeal.
- The file no. 18754/3/2015 before Bucharest Tribunal in which the company requests the obligation of certain members of the GMS, former managers and SNN employees to pay the amount of 571.087 lei representing the prejudice consisting of insurance premiums paid by the company for Directors & Officers liability policies during 2009-2011, as per the Decision of the Court of Accounts. The litigation was annulled during the regularization procedure. The company restarted the prejudice recovery procedure in other two files pending with the Bucharest Tribunal.
- File no. 26128/299/2014 on the dockets of Bucharest Sector 1 Court of Law by which the Company was determined by S.C. Fondul Proprietatea S.A. to pay the amount of lei 47,190.64 representing trial costs, lawyer's fee in the Electra (62357/3/2010) fusion file. The court of law accepted in part the request and determined SNN to pay the amount of lei 39,962.42. The court of law accepted the Company's appeal determining us to pay the amount of lei 30,000 and proportional trial costs.
- File no. 10799/4/2014 on the dockets of Sector 1 Court of Law by which the Company submitted a challenge for the enforcement drafted by Chirica Teodor, the object of enforcement being the amount of lei 96,055.87. The court of first instance rejected the enforcement challenge as being ungrounded and the court of appeal as being submitted too late.

- File no. 48210/299/2014 on the dockets of Bucharest Sector 1 Court of Law by which the Company submitted a challenge to the enforcement filed by Chirica Teodor with the object the amount of lei 80,189. The court of first instance partially cancelled the conclusion for enforcement costs. The court of appeal rejected the appeals of both parties as being ungrounded.
- File no. 35095/3/2014 on the dockets of Bucharest Court of Law by which the Company submitted a challenge to the enforcement filed by Chirica Teodor request to clarify the enforcement title for the amount of lei 80,189. The court of first instance rejected the claim as being unacceptable and rejected the clarification request as being unfounded, determining the payment of the amount of lei 1,500 trial costs for the appellee. Without a remedy at law.
- File no. 16173 on the dockets of the Bucharest Court of Law the claimant being Hudrea Gheorghe for communicating public interest information (law 544/2001), file in which the court of first instance and appeal rejected the request as being ungrounded.
- File no. 8184* on the dockets of the Bucharest Court of Appeal, the claimant being the Foundation Greenpeace CEE Romania the object being the cancellation of the GD1061/2011 and the suspension of the FCN Pitesti activity. The court of first instance and appeal rejected the requests as being ungrounded.
- File no. 7416/2/2014 on the dockets of the Bucharest Court of Appeal with the object the termination of the decision of CNSC to suspend the resolution of the Vodafone SA. appeal (public acquisition procedure EGO 34/2006). The SNN claim was rejected as lack of interest.
- File no. 114/2/2015 on the dockets of the Bucharest Court of Appeal, claimant Telekom Romania Communications SA the object of litigation regarding public acquisitions cancellation of CNSC Decision (public acquisition procedure EGO 34/2006). The complaint was rejected as ungrounded.
- File no. 5465/2/2015 on the dockets of the Bucharest Court of Appeal, claimant TUV Austria Romania SRL object of litigation regarding public acquisitions, cancellation of CNSC Decision (public acquisition procedure EGO 34/2006). The complaint was rejected as ungrounded.
- File no. 7710/2/2014 on the dockets of the Bucharest Court of Appeal, the claimant Mate-Fin SRL the object being a litigation regarding public acquisitions, cancellation of CNSC Decision (public acquisition procedure EGO 34/2006). The complaint was accepted by changing the decision appealed in the sense that was rejected the appeal submitted by Energotech S.A. as ungrounded.
- File no. 6126/2/2015 on the dockets of the Bucharest Court of Appeal, claimant Energotech SA the object being litigation regarding public acquisitions, cancellation of CNSC Decision (public acquisition procedure EGO 34/2006). The complaint was rejected as ungrounded.
- File no. 47411/299/2015 on the dockets of Sector 1 court of law, the claimant Dima Ion for obtaining the counter value of consumed energy quota. The claimant gives up his request against the Company.
- File no. 544/109/2015 on the dockets of Arges court of law, claimant Goga Gheorghe for invention license rights amounting to lei 135,637,084. The claimant gives up his requested against the Company.
- File no. 4210/256/2014, from the file no. 14951/118/2011 on the dockets of Constanta court of law by which the company requested the determination of the respondent S.C. CNE S.A. to leave in full property and possession the surface of 2,587 sqm situated in Cernavoda, CNE platform, adjacent to reactor no. 5 of Cernavoda nuclear-electrical plant, county of Constanta. In substance and on appeal the court of law ruled the rejection of the action in contradiction with SC CNE SA.
- File no. 4869/256/2014 on the dockets of Constanta Court of Law by which the company requested S.C. CNE. S.A. to evacuate the land in surface of 597 sqm SNN property. In substance, the court of law accepted the Company's request. The respondent's appeal was rejected
- File no. 6812/256/2014 on the dockets of Medgidia Court of Law by which the Company requested the determination of Saplacan Dan in paying the amount of lei 11,295.18 representing utilities and rent for the period January 2013 - April 2014. In substance, the company's action was accepted and the appeal drafted by the respondent was rejected.
- File no. 668/36/2014 (challenge for annul) on the dockets of the Constanta Court of Appeal by which Ichim Victor requested the determination of the company to conclude the sale-purchase agreement for the intervention housing. The challenge for annul was rejected.
- File no. 3657/256/2013 on the dockets of Constanta Court of Law by which the Company submitted a claim for sector T1, work housing from Cernavoda, illegally occupied by respondents, natural persons Tudose Alexandru, Laudatu Ioana, Purcarea Gica, Predoiu Bogdan, etc. in substance, the Company's request was accepted and the respondents submitted an appeal. The appeal was rejected.



- File no. 8462/118/2014 on the dockets of Constanta Court of Law by which Urjan Daniel requested the cancellation of the Building permit for the Emergency Control Center Outside the Site in Constanta. In substance and appeal, the court of law rejected the action as ungrounded.

Legal decisions ordered in the period 01.01.2016 – 15.03.2016

- File no. 6054/118/2014 on the dockets of Constanta Court of Law, by which was requested by Gheorghe Cristinel Rosu the cancellation of the decision to terminate the individual labor agreement. The first instance accepted the request but the appeal court replaced the sanction of disciplinary terminating the labor agreement by the sanction of reducing the wage for a period of 2 months by 10% and ruled the reinstatement in the former position and payment of money rights since the termination of the labor agreement until the effective reinstatement date.
- File no. 26062/3/2015 on the dockets of Arges Court of Law by which was requested the suspension of the Decision no. 9/23.03.2015 and the Conclusion no. 38/19.06.2015 issued by the Arges Court of Auditors regarding Microsoft. The court of first instance accepted the Company's request for suspending the enforcement of the measure ruled by Arges Court of Accounts until the final resolution of the action to cancel the measure.
- File no. 26063/3/2015 on the dockets of Bucharest Court of Law by which was requested the cancellation of the Decision no. 9/23.03.2015 and the Conclusion no. 38/19.06.2015 issued by Arges Court of Auditors regarding Microsoft. The court of first instance rejected the action as being ungrounded.
- File no. 122332/299/2015 on the dockets of Sector 1 Court of Law by which the company submitted a challenge for annul for the payment ordinance ruled in favor of the claimant Dinosteel SRL. The court of law rejected the request as ungrounded.
- File no. 11/2/2016 on the dockets of Bucharest Court of Appeal with the object appeal for the acquisition procedure, the contester being the company Elcomex S.A. The court of law rejected the complaint as being ungrounded
- File no. 6165/2/2015 on the dockets of the Bucharest Court of Appeal with the object the request from Transelectrica for the amount of lei 646,270.87 representing penalties for delayed payment for certain mutual compensations between parties, following force majeure events from December 2009. The courts of law, during the two procedural cycles, decided to determine SNN to pay these penalties.
- File no. 4906/2/2015 on the dockets of the Bucharest court of appeal, by which the company requested the cancellation of the measure regarding the acquisition procedure of two contracts ruled by the Court of Auditors by Decision no. 16/11.05.2015 and the conclusion no. 59/17.07.2015. The court of first instance suspended the cause trial up to the final resolution of the file 62136/299/2015.
- File no. 4912/2/2015 on the dockets of the Bucharest Court of Appeal, by which the company requested the cancellation of the measure regarding the D&O insurance policies ruled by the Court of Auditors by Decision no. 16/11.05.2015 and Conclusion no. 59/17.07.2015. The court of law cancelled the measure.
- File no. 4964/2/2015 on the Bucharest Court of Appeal, by which the company requested the cancellation of the measure regarding the compensation paid by the company based on certain enforcement titles ruled by the Court of Auditors by the Decision no. 16/11.05.2015 and Conclusion no. 59/17.07.2015. The court of law rejected the company's action.
- File no. 4965/2/2015 on the dockets of the Bucharest Court of Appeal, by which the company requested the cancellation of the measure regarding Microsoft ruled by the Court of Auditors by Decision no. 16/11.05.2015 and the conclusion no. 59/17.07.2015. The court of law accepted the company's action.
- File no. 4958/2/2015 on the dockets of Bucharest Court of Appeal, by which the company requested the cancellation of the measure regarding taxes for Microsoft non-residents ruled by the Court of Auditors by Decision no. 16/11.05.2015 and conclusion no. 59/17.07.2015. The court of law accepted the company's action.
- File no. 10673/118/2010 on the dockets of Constanta Court of Law by which Sava Marian requested the court of law to determine the Company to evacuate the land corresponding to the thermal energy transportation pipes as well as to pay compensation. In trial were summoned to pledge the town of Cernavoda by Mayor, the Cernavoda Local Council and the Mayor of Cernavoda. The court of law reserves judgment.



- File no. 4073/118/2014 on the dockets of Constanta Court of Law, by which was requested by 13 employees to provide special labor conditions for the period 2001 up to present time, the request having the object of registering in the superior labor group for the period 1987-1995. The court of law rejected the summons as ungrounded submitted by the claimants Galbinasu Nicolae, Stefan Jeana, Tudor Marian, Tarcatu Aurel, Mustatea Stefan, Rusu Vasilica, Turcoiu Ioan, Nita Vasile, Grigoriu Alexandru, Bivolaru Costel, Dobre Nicolae, Chelba Vasile, Smira Mircea, in contradiction with the respondent SN Nuclearelectrica SA Sucursala CNE Cernavoda. With right to appeal within 10 days since the communication.
- File no. 6882/2/2015 on the dockets of the Bucharest Court of Appeal, by which the respondent Hudrea Gheorghe submitted a challenge for annul regarding the rejection of the appeal in the file no. 16173/3/CA/2013 with the object public interest information (law 544/2001). The court of law rejected the challenge to annul of the claimant as being ungrounded.
- File no. 3657/256/2013 on the dockets of Constanta Court of Law, by which the company claimed the sector T1 Cernavoda and the court of law accepted the request. The resolution remained final by rejecting the claimant's appeal.

5.14. 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.

The main values followed by SNN in performing current activities as well as in risk management are:

- a) safety, because we operate one of the most effective nuclear plants in the world,
- b) professionalism, because our people are the best,
- c) stability, because we produce constantly,
- d) competitiveness, because we deliver clean energy for competitive prices,
- e) transparency, because we are responsible before the public and the environment, and
- f) cooperation, because business objectives may only be reached together.

In this context, SNN manages a number of risks (corporate, nuclear and physical security), managed in a tight collaboration with dedicated organization entities, as follows:

- 6 corporate risks by the control Department and Risk Management,
- 7 nuclear security risks by the Technical Directorate and Nuclear Security,
- 8 risks for physical security by internal special structures, with the state authorities with attributions in this regard.

SNN provides management for corporate risks according to the provisions of OSGG no. 400/2015 for the approval of the Internal/ managerial control code of public entities, respectively with the requirements of standard 8 – Management of risks from the component of this order, as well as with international standards and good practices in the field of risk management and (ISO 31000) nuclear (WANO PL 2013-2, IAEA-TECDOC-1209).

For a better management of corporate risks, in 2014 was incorporated the Risk Control and Management Directorate, consisting in the Risk Management Service, entities with specific attributions for the risk management, of which we are listing:



- 9 definition, design and development of the risk management structure, as well as the implementation of risk identification and evaluation processes;
- 10 creating, applying and developing, managing and evaluating the risk integrated management process;
- 11 risk hierarchy, consolidation and aggregation, identifying the determinant risk factors (risk drivers), correlation with other risks, analysis of risk evolution;
- 12 checking and supervising the implementation of the control risk monitoring;
- 13 analyzing and certifying investment projects from the risk point of view;
- 14 summarizing, consolidating and evaluating risk situations which may lead to activity discontinuity and drafting an activity continuity plan.

The management frame of corporative risks establishes the identification, evaluation, analysis, treatment, monitoring, reporting, aggregation, hierarchy, revision and risk control frame, as well as the information flows within the organization, providing a notification regarding risks for the leadership, relevant people, other external relevant entities and operational personnel, as well as a follow-up in time for the performance stage and efficiency of actions for reducing risk exposure.

The management frame and process for corporative risks in SNN are structured on three levels, as follows:

- the first level is implemented on all levels of the organization and in all branches and compartments as to make sure the operations are correctly performed: risk management and control activities and responsibilities are incorporated in the work procedures, and the personnel from all hierarchic levels and all legal entities of SNN perform management and control activities for the risks by complying with the current services tasks, as well as by participating in risk management, according to specific procedures,
- the second level: control entities from the Control Directorate and Risk Management, independent from the entities they control and independent between them, exercise their control responsibility,
- the third level: the Internal Audit supervises, evaluates and periodically checks the completeness, functionality, efficiency, efficacy and adequacy degree of the management and control operation frame for the operating risks and investigates the application of governance principles in all SNN entities.

The management frame of corporative risks allows the collection of information about the risks to which the organization is exposed (information coming from any other employee), aggregation, consolidation and hierarchy at the level of the Risk Control and Management Directorate, their analysis and taking adequate decisions for reducing risk exposure or keeping the identified risks under control.

The management frame of corporative risks is undergoing development very fast, the risk management activity for internal regulation revision and analysis being under analysis, as well as projects addressing the following direction:

- 15 drafting a strategy for risk management aligned with the SNN business strategy,
- 16 development of internal regulations for the counterparty risk management, legal risk, outsourcing risk and regulation risk, as well as
- 17 a frame for providing business continuity.

SNN developed in time control mechanisms for risks, wither following the application of regulations and recommendations of the national and international recommendations, or as a result of learning from experience, currently the risks being controlled by a reasonable manner in all business aspects and by a superior manner in nuclear risk cases.

According to the performed activities, the company is exposed to certain diverse risks, presented hereafter. The leadership of the company follows to reduce possible adverse effects associated to these risks on the company's performances.

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

a) The Price Risk

The price risk is a market price inherent to the SNN activity, monitored, provisioned and considered in the sales and financial estimates.

The SNN activity for selling the electrical energy is influenced by the accentuated dropping evolution of the electrical energy prices and gradual de-regulation of the market.

According to national regulation frame, 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. The gradual freeing calendar for the regulated market estimates that until the end of 2017, the market will freely operate depending on the demand and offer, a time when regulated prices shall 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 financial assets which may submit the company to credit risk are mainly trade receivables, cash and cash equivalents and bank deposits.

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

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 manages the counterparty risk also by monitoring the full term cashing in of its debts also by adequate measures in case of lack of payment, including legal recovery measures by initiating litigations.

The company limits its counterparty risk by limiting its exposure to a single financial institution as well as by analyzing the solvability of clients, their rating and establishing some 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, risk specific to transactions in a foreign currency, being materialized in case of electrical energy export, credit facilities contracted in a foreign currency and import of equipment and materials.

The profit and loss from differences of currency, performed and unperformed are registered in the profit and loss account of that year. Currently, no financial instruments are used to diminish such risk, but they are analyzed from the perspective of diverse costs and benefits such instruments which must cover the currency risk and interest rate risk.

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 to bank deposits, but all bank deposits regardless of maturity carry a fix interest rate.

f) Competition Risk

Another financial risk considered is the competitive risk, risk analyzed in the context of ongoing liberalization of the electricity market. It is a risk specific to each business, lower or higher depending on the number of competitors, profit margins, technology used, input and/or output barriers on the market, regulating level etc.

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

The legal risk (regulating) is represented by the unpredictability of the internal and/or external legal frame, with a consequence of a difficult compliance with its requirements. In SNN, there is a risk which might manifest regarding the large number of regulations and requirements issued and requested by national and international regulators, and /or by professional associations.

The possible changes may refer to the provision of certain new contractual provisions or fiscal amendments from the local and central authorities and/or by the authority regulating the field of energy (RAE), by secondary law.

Effects of manifesting the legal risk are

18 Unanticipated increase of production costs, which would determine the drop of profit margins, with the following examples:

- Tax on special buildings which, starting 2014, has a significant effect on the company's costs;
 - Fixed transaction price, which must not change following the value update for the component tariff for introducing energy in the network (TG), according to the provisions of the RAE Order no. 78/2014 for the approval of the Regulation regarding methods for concluding bilateral contracts of electrical energy by extended tender and continuous negotiation and by processing contracts.
- A significant organizational and financial effort for the implementing, conformation and providing the conformation on continuous basis of conformation with the legal frame and requirements of the professional organizations governing the activity of nuclear plants.

h) Operational Risk

The operational risks are associated with the risk of registering the loss risk resulting either from the use of certain processes, persons or internal inadequate systems or that did not comply with their position adequately, or from external events. The operational risk also includes a legal risk (legal).

The operational risk is adequately managed and controlled by the distributed manner (on all hierarchic levels and in all SNN organizations) with specific instruments, e.g. protection barriers, redundant systems and insurance frame (and management) for the business continuity, internal regulation frame, controls, approval levels, continuous personnel training, permanent monitoring of risk levels and implementing control and adequate corrective measures etc.

Among the Risk methods of management and control there are:

- 19 A management frame providing the completeness of identifying and addressing operational risks,
- 20 The use of risk information collected for improving control mechanisms (lessons learnt),
- 21 A good planning and development of preventive and corrective maintenance activities for controlling nuclear risks, as well as for reducing the number of hours of unplanned interruption.
- 22 Planning the activity interruption during the periods when the electrical energy price is estimated to drop.

Moreover, the extended and strong draught and unexpected technical issues may have a major impact in the production



of electrical energy, following the unplanned activity interruptions.

i) 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.

22.11. 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

The SNN development program is structured on defined objectives in relation with the needs of the production branches (CNE Cernavoda and FCN Pitesti) to maintain the production capacities of electrical energy and nuclear fuel at the level of parameters as a project, by complying with the nuclear security requirements and protecting its own operating personnel, the environment and the population, as to respond to the necessity for upgrading/retooling certain systems, out of economical reasons (reducing specific consumption, improving certain parameters characteristic to the processes performed, with a positive impact on the efficiency). Also, the development program follows legal matters, the need to implement certain improvements associated with the nuclear security, environmental protection and labor security



representing imperative requirements, from the regulating authorities in this field.

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 MACSTOR 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.
- Improving the CNE Cernavoda response, respectively the nuclear security functions in case of events outside the design basis following the nuclear accident occurred at the nuclear plant Fukushima 1, Japan – implementing an emergency filtered de-pressuring system for the case in units 1 and 2 CNE Cernavoda, implementing a system assembly with breaking disk and a water addition system in the U1 and U2 locker, implementing a monitoring and control system of the H2 concentration in the atmosphere from the cases in U1 and U2, by installing a monitoring system of hydrogen in the case atmosphere type "HERMETIS" and by installing a passive auto-catalyst recombination system type "FR1-380T", including the establishment in U5 of areas necessary and logistics corresponding to actions in case of occurrence of a severe accident.

The total investments program for 2015 amounted to 282.705 thousand lei. The structure of the investments program for 2015 is presented in the table below:

Item	Organizational structure	Ongoing investment	New investments	Investments made at the tangible assets (upgrades)	Equipment [thousand lei]	Total	Degree of completion on December 31, 2015(%)
		[thousand lei]	[thousand lei]			[thousand lei]	
1	SNN Executiv	13.419	21.658	-	818	35.895	2,55%
2	CNE Cernavoda	187.087	8.558	4.355	30.355	230.355	63,76%
3	FCN Pitesti	1.196	116	5.571	9.572	16.455	30,63%
	TOTAL	201.702	30.332	9.926	40.745	282.705	54,06%

The degree of completion at 31.12.2015 of the value of the annual investment plan cumulated since the beginning of the year is of 54.06% (per total).

The total low degree of implementation of the plan value of the investment program in 2015 is explained by the amounts stipulated in the investment program for the Executive SNN, which were postponed for 2016:



- The SNN contribution in performing the IPP-type company for the reuse of Units 3-4 is estimated to lei 8,840 thousand (the equivalent of EUR 2,000,000), according to the AGEA SNN Decision no. 7/22.08.2014 to approve the strategy to continue the Project on Units 3 and 4 from CNE Cernavoda. On September 2nd, 2015 the Romanian Government approved the Agreement Memorandum regarding the development, building, operation and decommissioning of Units 3 and 4 from CNE Cernavoda between SNN SA and China General Nuclear Power Corporation, and was subsequently approved within the GEMS SNN by Decision no. 13/22.10.2015, point 2.
- The SNN input to the share capital of the company Hidro Tarnita and the Project company “HVDC Romania – Turcia S.A. amounting to lei 8,840 thousand, according to the EGMS SNN no. 1/11.03.2014 for the approval of the subscription of 89,000 shares newly issued, shares to be issued by Hidro Tarnita S.A
- The SNN input to building the Project company “HVDC Romania – Turcia S.A.” amounting to lei 8,840 thousand, according to the SNN EGMS Decision no. 1/11.03.2014 by which was approved the participation by the subscription and payment of the equivalent in lei of a number of 2,000,000 shares with a nominal value of EUR 1; According to point 3 of the SNN EGMS Decision no. 2/29.04.2015, regarding the “resignation of the SN Nuclearelectrica S.A. to participate in investment projects (i) Centrala Hidroelectrică cu Acumulare prin Pompaj (CHEAP) Tarnita – Lapustesti and (ii) Submarine interconnection cable 400Kv Romania – Turkey and stating the validity termination of point 2, 3, 6, 7 and 8 of the SNN EGMS Decision no. 1/11.03.2014”, was not expressed the necessary number of votes for making such decision.
- The project regarding the security of the information system and the securization of communication and the implementation of applications for which delays have been registered in the revision of the IT strategy following the reconsideration of the implementation requirements of the implementation of the software applications from the perspective of the integrated communication flux at the level of the entities.

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

The works performed as well as the obstacles encountered in performing the investment objectives within the investment programs of FCN are presented below:

-Upgrade of the manufacturing line of combusive beams in order to optimize the manufacturing flow and to improve the quality of the finite product – was performed the redo of the auto platform and access alleys, upgrade of the aerosol collection system, handling system, weighing and storing UO₂ powder containers, were finished the mounting works and start-up for the centrifuge installation 2500 G slam. Were postponed for 2016 the acquisition procedure for the Miniautoclava equipment, as well as the acquisition procedure for the design and performance of the project „automated systems for isocinetic collection of powder and gas emissions from the dispersion chimneys” – it’s start-up is conditioned by obtaining upgraded data regarding emissions of radioactive gas effluents from the three dispersion chimneys, data available after the performance and operation of the project Ventilation and air-conditioning installation of Hall IV;

-Ventilation and air-conditioning installation for Hall IV (feasibility study, project, performance, environmental studies) – were drafted „Report regarding impact on the environment”(RIM) and „ Evaluation study of the impact on the population health status” (SEISSP), these documents followed the procedure of consulting the public and were analyzed by the Technical Analysis Committee (CAT) within the Ministry of Environment, Water and Forest without observations, following that in 2016 to obtain the Environment Agreement and Building Permit;

-Implementing informatics applications adding to the existent ERP system in FCN (Acquisitions, Budgets, Contracts) and Upgrade of the communication infrastructure, establishing the data center according to standard TIA 942-1 and implementing measures for risk reduction for information risk (Project for securing the informatics system and communication security) – delays were registered in reviewing the IT Strategy following the revision of the implementing requirements of software application from the perspective of an integrated approach of information flow at the level of the three entities as well as from the perspective of integrating security solutions; the objective was taken out of the investment program revised for 2015, being taken-over in the plan for 2016;



- Integrated informatics system for the management of nuclear fuel production (SIMP)” – committee within the Ministry for Information Society requested the remake of the feasibility study. In December 2015, was concluded the contract for acquiring services for drafting a feasibility study;
- Rehabilitation of working areas , canal locks, offices, laboratories and toilets (FCN building repairs) – finished work;
- Design and performance of ventilation installation for the electrocare station – finished work.
- Design and performance of smoke evacuation systems and hot gas for the FCN archive, Central storage for nuclear fuel, Zy-4 Storage, Fresh nuclear storage – finished work.

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 2015 revised SNN investment program is 69,245 thousand lei. The achievement for major investment objectives by the end of 2015 compared to the investment program of the company is 23.70%, according to the table below:

Project code	Project name/Investments objective	2015		Achievement level
		Planned BVC approved by GD nr. 468/24.06.2015 [thousand lei]	Achieved [thousand lei]	(%)
PJ-05-016	Intermediary used fuel storage (including SICA U2)	9.411	7.294	77,51%
PJ-04-001	Modernization and expansion of physical security system	15.040	4.117	27,37%
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	44.794	5.001	11,16%
Total		69.245	16.412	23,70%

By Decision no. 7/14.09.2015 of the GOMS of SNN S.A., was approved the update of Annex 1.1. to the management contract concluded between the administrators and the company. According to Annex 1.1 updated, the targeted degree for the performance of the annual investment plan cumulated for the major investment objectives at the end of Q IV is of min. 90%, meaning a performance degree of 26.3%.

Activities performed as well as the obstacles encountered during the performance of the major investment objectives until the end of Q IV, are presented below:

- Intermediate Storage for Burnt Fuel (DICA), including SICA U#2 – the works were finished for implementing the physical protection system for the module 7 DICA, design services were contracted for the extension of the location of the Intermediate Storage for Burnt Fuel and replacing the modules type MACSTOR 200 with modules type MACSTOR 400 starting with module no. 10; supply of necessary costs for intermediate storage of burnet fuel is performed according to the development plan for the activities. The contracting of environment documentation for the current evaluation step for the project "CTRF and DICA extension" integrated with the activities developed currently on the CNE Cernavoda platform were not finished during 2015, the contract was concluded in January 2016, which determined the sliding of activities approved for 2015 to 2016; the acquisition procedure „Works for the performance of modules 8 and 9, type MACSTOR 200, preparing the foundation stone and casting the addition concrete for module 10, for the Intermediate Storage of Burnt Fuel” is ongoing at the end of 2015. Reviews were necessary for the descriptive documentation following the ANAP requests (former ANRMAP);
 - Upgrade and extension of physical protection system – were finished the works for physical protection, 1st priority - step 2 (drafting, approval and authorization of the performance documentation, equipment procurement, mounting and PIF). For 2015 were provided the performance of 2nd Priority Works for completing the physical protection system of CNE Cernavoda identified in the document "Study regarding the maintenance of operation for critical installation from the vital structures", works with a budgeted value of approx. EUR 20 mil., but during 2014 the acquisition procedure was stopped for this objective and the project was divided in two steps. The amount of the works 2nd Priority – step 1 is approx. EUR 6.7 mil. Compared to approx. EUR 20 mil. Consisting in both steps. During March 2015, following the CA Decision no. 48/25.03.2015, was initiated the acquisition procedure for works of 2nd Priority – step 1, a procedure conditioned by obtaining by the bidder the Industrial Security Permit issued by the National Registry Office foe Secret State Information, document document obtained at the end of October 2015. The procedure is in a very advanced negotiation stage. The works provided for 2015 were delayed for 2016. There are also delays in performing the procedure for works and services necessary to change the destination of buildings existent on the U5 location, following a blockage regarding the UTI acquisitions.
- Improving the CNE Cernavoda response, respectively the nuclear security functions in case of events outside the design basis following the nuclear accident occurred at the Fukushima nuclear plant – were finished the services to perform nuclear security analysis for the update of EPSN Level 1 and EPSN performance Level 3, works scheduled for implementation during the planned interruption in 2015 for U2 (environment qualification works for measuring loops of critical security parameters (CSP) and extending the measuring field for U2. On 30.12.2015 were contracted the works and services necessary to change the destination of the existent buildings on the location of U5, with a delay of 12 months compared to the one planned initially. The delay was generated by the successive rounds of clarifications occurred after the publication in SEAP of the documentation which inclusively lead to rebuilding the tender book. These delays determined the delay in 2016 of all activities, respectively associated costs (approx. lei 35.8 mil.), initially scheduled to be performed in 2015. The implementation of the projects Changing the configuration of the distribution system of 0.4 and 6KV al ½-52900-DG1/DG2 for connecting Mobile Diesels in case of accident “Station Black-out” and Sealing works for penetration resistant to floods and steam U1/U2 were postponed for 2016 following certain operational constraints.

The investment plan for the last three years is as follows:

Investments (thousand lei)	2015	2014	2013
Investment program, of which:	282.705	296.737	320.562
- CNE Cernavoda	239.767	208.911	238.971
- FCN Pitesti	16.455	18.393	16.626
- SNN Executiv	26.483	69.433	61.569
Unfolded value		-	3.397
Achievements in investments program	152.803	184.828	236.742



The main investments considered during 2016-2017 are:

- Intermediate storage for burnt fuel (including SICA U#2)
- Upgrade and extension of physical protection system.
- Improving the response of CNE Cernavoda, respectively the nuclear security functions in case of events outside the design bases following the nuclear accident occurred at the nuclear plant from Fukushima 1, Japan
- Software programs for the plant's integrated management (Work Management System)
- D2O Clastic System (U1+U2)
- Extending the Unit's 1 life-span by re-tubing the reactor and retooling the main systems.

The investments program for 2016 – 2017 is the following one:

Investments (thousand lei)	2016	2017
Investment program, of which:	359.107	270.701
- CNE Cernavoda	334.884	265.712
- FCN Pitesti	13.940	3.257
- SNN Executive	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 Cismelei 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 (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, there is also operating the branch Fabrica de Combustibil Nuclear (FCN Pitesti), with head office in Mioveni, County of Arges. FCN has in its property a land in surface of 23,273 sqm, of which 8,458 sqm is occupied by production departments, storage and offices, and the rest is a free area. Within FCN Pitesti is performed the production of nuclear fuel beams, using as raw material the uranium dioxide sintering powder (UO₂).

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. Operational Performance Indicators

The gross annual capacity factor (GCF) in 2015 was 96.92% for Unit 1 and 92.23% for Unit 2. Gross annual capacity factor (GCF) until the end of 2015 was 90.72% for Unit 1, and 94.26% for Unit 2.

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

COG ranking (Candu Owners Group –CANDU type NPP) at the end of 2015 is as follows:

Place	Unit	Gross Capacity Factor (%) (12 months rolling) at the end of 2015
1	Bruce-2	99.55%
2	Cernavoda-1	96.92%
3	Qinshan 3-2	95.50%
4	Pickering-8	95.29%
5	Pickering-4	94.67%
6	Wolsong-3	94.66%
7	Pickering-7	92.95%
8	Wolsong-2	92.93%
9	Cernavoda-2	92.20%
10	Wolsong-1	90.37%
11	Bruce-3	89.04%
12	Bruce-7	88.36%
13	Bruce-1	88.23%
14	Bruce-8	87.87%
15	Wolsong-4	87.74%
16	Bruce-5	86.36%
17	Darlington-4	85.22%
18	Darlington-2	83.60%
19	Qinshan 3-1	80.67%
20	Pt. Lepreau	75.12%
21	Bruce-6	74.59%
22	Darlington-1	71.49%
23	Bruce-4	69.00%
24	Pickering-6	67.59%
25	Pickering-5	65.38%
26	Darlington-3	65.13%
27	Pickering-1	57.75%
28	Embalse	12.53%

Place	Unit	Gross Capacity Factor (%) (Since in-service at the end of 2015)
1	Wolsong-4	94.6%
2	Cernavoda-2	94.3%
3	Wolsong-3	94.2%
4	Wolsong-2	93.3%
5	Qinshan 3-2	92.5%
6	Qinshan 3-1	90.9%
7	Cernavoda-1	90.7%
8	Wolsong-1	88.7%
9	Bruce-2	87.8%
10	Darlington-3	86.5%
11	Darlington-4	86.3%
12	Bruce-7	84.8%
13	Darlington-1	84.6%
14	Bruce-5	84.5%
15	Bruce-1	83.2%
16	Bruce-8	83.1%
17	Bruce-6	81.6%
18	Darlington-2	79.7%
19	Embalse	79.2%
20	Pickering-7	78.4%
21	Pickering-6	78.2%
22	Pickering-8	76.7%
23	Pt. Lepreau	75.9%
24	Pickering-5	73.9%
25	Pickering-4	67.0%
26	Bruce-4	65.3%
27	Bruce-3	65.3%
28	Pickering-1	64.1%



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” (June 2015 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 398 nuclear units operating around the world, from 29 countries, as follows:

- Unit 2 with an overall coefficient of installed power use of 92.7% ranks the 3rd position;
- Unit 1 with an overall coefficient of installed power of 89.4% ranks the 14th position.

Based on the same indicator, Romania is placed on the first position in the world with 91.1% coefficient of installed power use since the commissioning of Cernavoda nuclear power plant.

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 issuer symbol “SNN” and ISIN code ROSNNEACNOR8; starting from 05.01.2015, the SNN shares have been traded on the Premium category of BSE.

The selection of issuers for the analysis of upgrading in the Premium category is performed based on the following alternative criteria:

- a) actions are counted among the most liquid 25 titles, after the liquidity coefficient;
- b) the average of free-float capitalization during the last 3 months exceeds the amount of EUR 40 million.

On the date of 31.12.2015, the total number of shares issued by SNN is 301.513.851 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. The legal frame could be changed in the future by amending the current law, so that the minimum division quota for dividends to be changed.

The provisions of the GO 64/2001, establish a mandatory minimum division for dividends. Therefore, for as long as the GO 64/2011 provisions remain unchanged, the company may propose to the shareholders a dividend division quota



in between 50% and 100% of the distributing profit. The profit share to be annually distributed by the company as dividends is submitted to the approval within the GMS.

Therefore, SNN registers and pays dividends divided from the net profit only after the approval of the annual financial statements by the GMS and the division proposals for the profit.

The status of profit division for dividends during the last 3 years

Out of the net profit of the financial years 2012 and respectively 2013 was approved a division quota to dividends of the net profit of 85% and respectively 85.16%, due to the fact that the Government approved, based on the Memorandum “Measures to be considered in drafting the income and cost budgets of the economic operators with directly or indirectly state owned capital or patrimony”, the obligation of the companies with full or majority state capital to distribute 85% of the profit to be shared as dividends. From the net profit of the financial year 2014 was approved a share of 71.22% for sharing the net profit to dividends, therefore complying with the provisions from art. 1 paragraph (1) letter f) of the Government Ordinance no. 64/2001, with subsequent amendments and additions.

Method of calculation and market

The dividends are distributed to the shareholders proportionally with the participation quota to the subscribed and paid capital of the company; each fully paid action gives the holder the right to receive a dividend. Details regarding the distribution methods, retaining the dividend tax and payment are available on the internet page of the company/section investors/GMS relations.

Principles to be considered in order to establish dividends in the future

In drafting the proposals to the GMS regarding the distribution share of dividends in the future, the Board of Directors shall consider the following criteria, in the order presented below:

- First of all, compliance of the requirements of the GO 64/2001, including the minimum distribution quota of 50% of the distributive profit;
- Keeping a balance between the need of compensation of the shareholders and by dividend and the need for finance from the company’s own sources, including for investment projects;
- The correlation between the profit to be shared for dividends and monetary correspondence for the profit to be distributed, respectively that part of the profit to be distributed which has a monetary correspondence, after adjusting the non-monetary elements; this has the main objective to avoid the company’s de-capitalization during a decoupling between the profit to be distributed to dividends and monetary counterparty for the profit;
- The possibility to provide a capacity of the dividend correlated with other listed similar companies, as well as correlation of the dividend per share in the absolute value with the one from the previous period. There is no guarantee that in the future these correlations will be provided as well

More information regarding the dividends is found in the Annual reports available on the internet page of the company, section investors relations /GMS.

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

Index (thousand lei)	2015	2014*)	2013
Net profit	149.143.729	133.064.655	423.391.480
Distribution to the legal reserve	(9.590.178)	(8.250.662)	(26.335.766)
Other reserves representing tax facilities	(1.168.929)	(516.049)	



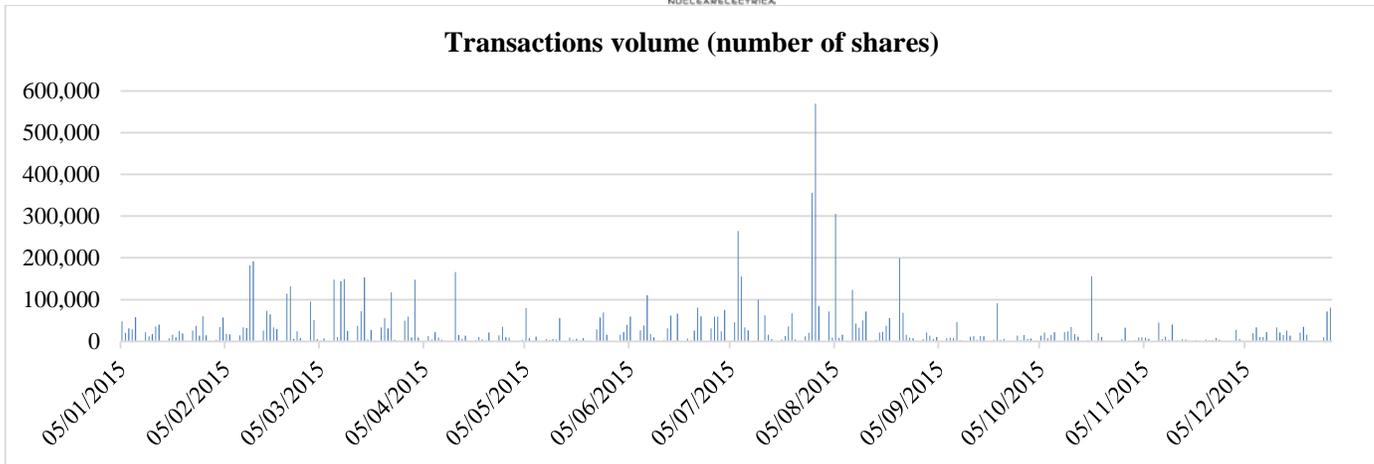
provided by law			
Net profit distributable to the dividend	138.384.622	124.297.944	397.055.714
Employees' participation to the profit	(3.563.000)	(2.592.400)	(3.311.817)
Net profit calculation base, dividend distribution	141.947.622	126.890.344	400.367.531
Proposed dividends	99.499.571	90.366.312	340.957.135
Assigned dividends	-	90.366.312	340.957.135
Dividends paid until 31.12.2014	-	90.349.952	340.685.426
Profit distribution rate (%)	70,10%	71,22%	85,16%

*) the indexes shown for 2015 represent the profit distribution proposal

7.3. Activity of SNN at BSE

The progress of SNN shares during 1 – 31st of December, 2015, is shown by the following diagram:





The activity developed by SNN during 2015, as issuer of securities on the capital market in Romania, is shown as follows:

- In 2015, a total of 18.679 trades took place by SNN shares, with a daily average number of 72 trades;
- The total volume of traded shares was 9.848.764,
- The value of trades by SNN shares during 2015 year was 72.944.745,78 lei;
- In 2015, there have been 10 “Deals” trades by SNN shares, with a total volume of 1.047.000 shares.
- The price of one SNN share during 2015 was between a maximum amount of 8.07 lei and a minimum amount of 6.36 lei, decreasing to the amounts registered during 2014, when the maximum amount was 11.22 lei and the minimum amount was 7.46 lei;
- The stock capitalization on the last trading day of 2015 was 1.935.718.923 lei, decreasing towards the amount of 2014 (2.180.998.531,44 lei.).

7.4. Presence in the indexes

The Bucharest Stock Exchanges (BSE) calculates and shares in real time 7 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 ponders, on the adjustment date 11.12.2015.

- 1.41% 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 10 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);
- 1.33% 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%;
 - 3.20% 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%).
 - 1.44% 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.
 - 1.31 % 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).

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 2015 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 31.12.2015, 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 31.12.2015

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

a) Financial position statement

Indicator (thousand lei)	2015	2014
Non-current assets	7.696.228	8.025.243
Current assets	1.861.187	1.770.489
Total assets	9.557.415	9.795.732
Equity	7.493.723	7.429.314
Total liability, out of which	2.063.691	2.366.418
Long term liability	1.642.689	1.887.967
Short term liability	421.002	478.452
Total Equity and Liability	9.557.415	9.795.732

b) Profit and Loss account and comprehensive result

Indicator (thousand lei)	2015	2014
Operation revenues	1.782.998	1.814.253
Operation expenses	(1.622.858)	(1.639.043)
Operation profit	160.139	175.209
Finance income	169.027	96.954
Finance cost	(150.843)	(117.836)
Net finance cost	18.184	(20.882)
Profit before income tax	178.323	154.327
Net income tax expense	(29.180)	(21.262)
Profit for the year	149.143	133.065



Other comprehensive income	4.617	(4.180)
Comprehensive income	153.760	128.884
Basic earnings per share (Ron/share)	0,50	0,47
Diluted earnings per share (Ron/share)	0,50	0,44

c) **Cash flow statement**

Indicator (thousand lei)	2015	2014
Profit before income tax	178.324	154.327
Adjustments	515.251	360.818
Cash flow related to operational activities	693.575	515.145
Net cash flow from operating activities	650.283	469.727
Cash flow used in investing activities	(1.246.286)	491.994
Cash flow from financing activities	(298.922)	(548.702)
Net increase in cash and cash equivalents	(894.923)	413.018
Cash and cash equivalents at the beginning of the period	1.152.299	739.280
Cash and cash equivalents at the end of the period	257.377	1.152.299

9. CONSOLIDATED FINANCIAL STATEMENTS AS AT 31.12.2015

The consolidated financial statements are attached. Hereafter are presented excerpts consisting in the main elements:

a) **Financial position statement**

Indicator (thousand lei)	2015	2014
Non-current assets	7.695.330	8.022.113
Current assets	1.863.834	1.777.247
Total assets	9.559.164	9.799.361
Equity	7.495.325	7.432.661
Non-controlling interest	-	-
Total liability, out of which:	2.063.838	2.366.700
Long term liability	1.642.689	1.887.967
Short term liability	421.149	478.733
Total Equity and Liability	9.559.164	9.799.361

b) **Profit and Loss account and comprehensive result**

Indicator (thousand lei)	2015	2014
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Operation revenues	1.783.009	1.814.264
Operation expenses	(1.623.908)	(1.640.460)
Operation profit	159.100	173.803
Finance income	168.405	96.796
Finance cost	(150.923)	(117.893)
Net finance cost	17.483	(21.098)
Profit before income tax	176.583	152.706
Net income tax expense	(29.185)	(21.291)
Profit for the year	147.399	131.415
Other comprehensive income	4.617	(4.180)
Comprehensive income	152.015	127.234
Basic earnings per share (Ron/share)	0,50	0,47
Diluted earnings per share (Ron/share)	0,50	0,44

c) Cash flow statement

Indicator (thousand lei)	2015	2014
Profit before income tax	176.583	152.706
Adjustments	515.209	361.612
Cash flow related to operational activities	691.793	514.317
Net cash flow from operating activities	648.518	468.183
Cash flow used in investing activities	(1.248.516)	506.079
Cash flow from financing activities	(298.919)	(566.650)
Net increase in cash and cash equivalents	(898.917)	407.612
Cash and cash equivalents at the beginning of the period	1.158.860	751.248
Cash and cash equivalents at the end of the period	259.943	1.158.860



10. CORPORATE GOVERNANCE DECLARATION

10.1. Implementation of the corporate governance principles

During 2015, 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.

Implementation of the corporate governance rules provide a transparent decisional process, grounded on clear and objective rules increasing the shareholders' trust in the company. SNN gives great importance to corporate governance, by analyzing the conformity levels with the provisions of the new Corporate Governance Code issued by the Bucharest Stock Exchange effective since 04.01.2016. SNN issue a current report regarding the application of the code provisions within its activity, identifying the provisions to be implemented. In Annex X to the hereby report, it is presented the implementation stage up to present time for the code provisions (« Compliance statement with the code »).

In September 2015 SNN issued a revision of the Organization and Development Regulation of the SNN GMS according to the new legal applicable requirements, the Regulation being published on the company's internet page, in section «Investors Relations».

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 2015, SNN implemented a series of actions which focused mainly on :

- The payment of dividends for the financial year 2014 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 1/2006 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.



Within SNN there is a department operating dedicated to the investors' relations – Communication and Investor's Relations Department, which purpose is the implementation and monitoring the corporative governance standards at the Company's level, notifying the shareholders and investors according to the legal provisions, pro-active communication focused on the targeted group, on the information needs of the investors and on the analysis of the market trends.

- 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 ;
 - The section dedicated to the Investors Relations from the company's internet page consists in the following existent corporative regulations at the Company's level, bilingual: Articles of Incorporation, Corporative Governance Regulation consisting in the reference terms of the Board of Directors, Regulations of the Audit Committees, Organization and Development Regulation for the GMS meetings,
 - Communication of the current reports and periodical financial reports (quarterly, biannually and annually) to BVB and ASF and their publishing on the company's internet page, accompanied by the corresponding audit reports;
 - Presenting information regarding the parties of the BoD : members CVs, other professional engagements of the committee's members, including executive and non-executive positions in the BoDs of other companies or non-profit institutions
 - The presentations performed by SNN for the investors on the occasions of the main financial events of the company, according to the financial calendar are presented on the Company's site

- 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 acces 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 investore relations participated in training courses organized by BVB.
- 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.
- In 2015, SNN organized 4 teleconferences with the investors and a meeting face to face during the significant financial moments established by the financial calendar. Moreover, SNN attended 6 events type "Investors Days" organized by third parties, events which eased the contact with the Romanian and foreign business environment.

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 fora 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)

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, re-education 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, sale, 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
 - (i) amending the share capital of S.C. Energonuclear S.A.;
 - (ii) amending the share of Nuclearelectrica to the share capital of S.C. Energonuclear S.A.;
 - (iii) dissolution and liquidation of S.C. Energonuclear S.A.;
 - (iv) performing any investment 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;
 - (v) 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 exceeding 5,000,000 euro (five million euro), individually or cumulatively, in one single financial year;
 - (vi) 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.
 - (vii) Any loans, debts and obligations contracted by S.C. Energonuclear S.A. 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:

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

Quorum requirements and majority

The quorum shall be checked by the meeting president regarding each decision in part, prior to voting the respective decision.

(a) GOMS

For the first convocation of the meeting, the 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, ordinary or extraordinary, will be convened when needed, 10. Corporate governance 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 web page. 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 correspondence vote.
- 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
- k) the proposal regarding the ex date and payment date ;
- l) 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;
- m) 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 ;
- n) The due date and address where the special powers of attorney, the correspondence ballots and the mandates of the shareholders must be sent ;
- o) The indication of the exact address where the special powers of attorney and the correspondence ballots must be sent.

The convening notice, any other point added on the agenda at the shareholders' request, the annual financial statements, the annual report as well as the proposal regarding the dividend dissemination are provided to the Shareholders at the company's office, from the date of convening the general meeting and published on the internet web page, for the free access to information of the shareholders. By request, the shareholders shall be issued copies of such documents.

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 initial 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.

Shares and Shareholders' Rights

The company's shares are nominative, with equal values and are issued in a dematerialized form, by registering in the account and by providing equal rights to their holders.

Each subscribed and paid action by the shareholders provides equal rights and gives the right to a vote in the GMS, the right to elect and be elected among leadership, the right to attend the profit distribution, according to the provisions of the Articles of Incorporation and legal provisions, as well as other rights provided by the Articles of Incorporation and legal applicable provisions. The de-materialized shares issued can be settled on a regulated market, according to the law of the capital market. The rights and obligations regarding shares follows shares in case of them passing into the ownership of other persons. The shareholders have the right to correct and complete information within the GMS on the Company's status. In case of issuing new shares, the existent shareholders have a preference right to subscription, according to the law, proportionally with the share percentage owned by the Company.

The SNN shareholders may perform their right to vote as follows:

1. Direct vote - personally, within GMS;
2. Vote by representative with special or general power of attorney;
3. Vote by mail

All holders of financial instruments issued by SNN from the same type and class of titles benefit from an equal treatment, and the company permanently submits efforts to perform an effective communication, active and transparent in order to perform the right in an equitable manner.

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, of which 6 non-executive members. 4 of the members of the BoD are independent 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 administrators can be dismissed anytime by the Ordinary General Meeting of Shareholders. Each administrator must expressly accept to fulfill the mandate. The company is obligated to conclude a D&O type insurance (managers' responsibility insurance).

During the mandate fulfillment, the administrators may not conclude an employment contract with the company. In case the 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 recommend 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.

Also, the Board of Directors members undertake to make sure to avoid a direct or indirect conflict of interests with the Company, and in case of occurrence of such conflict, they must sustain from debates and vote on the respective matters, according to the current legal provisions.

The company is administered in an unitary system by a Board of Directors made up of 7 members. At 31.12.2015, 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	57	Dr. Engineer	29	President of the Board of Directors, independent member	25.04.2013*)	25.04.2017
Alexandru Alexe	64	Engineer	36	Vice president of the Board of Directors	25.04.2013*)	25.04.2017
Daniela Lulache	48	Economist	20	Executive member	25.04.2013*)	25.04.2017
Carmen Radu	56	Dr. Economist	34	Non-executive member, independent member	25.04.2013*)	25.04.2017
Dan Popescu	58	Engineer	30	Non-executive member	25.04.2013*)	25.04.2017
Sebastian Tcaciuc	41	Economist	14	Non-executive member, independent member	23.12.2013**)	23.12.2017
Nicolae Bogdan Codrut Stanescu	42	Engineer	20	Non-executive member	29.04.2015	29.04.2017

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

Name and surname	Age (years)	Qualification	Professional experience (years)	Position	Date of appointment	Date of revocation
Ioana alina Dragan	30	Economist	10	Temporary member	20.10.2014**)	29.04.2015*)

*) revocation following the appointment of a permanent administrator based on the EGO 109/2011;

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.

Information regarding other engagements and professional obligations relatively permanent of the members of the SNN BoD

Name	Company	Position	Period	Current position (Yes/No)
Alexandru Sandulescu	SN Nuclearelectrica SA	CA Member CA president	2010-present	Yes
	SC Energonuclear SA	CA Member	2009-2015	Yes
	SC EOn Moldova Distributie SA	CA Member	2009-2013	Yes
	CN Transelectrica SA	CA Member	2006 – 2011	No
	SC Termoelectrica SA	CA member and president	2011 – 2012	No
	SC CE Rovinari SA	CA member	2007-2010	No
	SC Hidroelectrica SA	GMS member	2006 – 2011	No
	SC Electrocentrale Deva SA	GMS member	2007 – 2011	No
Stanescu Bogdan	S.N. Nuclearelectrica S.A.	CA member	April 2015 – present	Yes
	ME	DGPAPSE General Manager	December 2015 – present	Yes
	M.E.I.M.M.M.A	DGSC General Manager	January 2015 – December 2015	No
	Oltchim SA Rm. Vilcea Romplumb SA Baia Mare Arcadia SA Bucuresti Hidroelectrica	Special administrator	The appointment in the position of Special Administrator was made by the shareholders, based on the Law no. 85/2006, after entering the mentioned	Yes

			companies entered the insolvency procedure	
Dan Popescu	Institutul National de Cercetare – Dezvoltare pentru Fizica si Inginerie Nucleara – Horia Hulubei	CA member	June 2006- July 2014	No
	SN Nuclearelectrica SA	CA member	April 2013-present	Yes
Alexandru Alexe	SN Nuclearelectrica SA	CA member	May 2013 – present	Yes
	SN Nuclearelectrica SA	GSM representative	2010 – April 2013	No
	OMV Petrom SA	GMS representative	2010 – 2015	No
	Complexul Energetic Oltenia	Member of the Supervision Board	January –May 2013	No
	SNM Valea Jiului SA	GMS representative	2013 – 2015	No
	SC UTI Midia SA	President of the Bod	2010 – 2015	No
Sebastian Tcaciuc	Deutek SA	CA member	2007-2013	No
	Brikstone Construction Solutions SA Iasi	CA member	2007-present	Yes
	CFR SA	CA member	2013-2014	No
	Regina Maria	CA member	2010-2012	No
	LaborMed Pharma SA	CA member	2008-2011	No
	Roma Plastik AS	CA member	2006-2010	No
	SAI Euxinus Capital SA	CA member	2015 – present	Yes
	SN Nuclearelectrica SA	CA member	December 2013 – present	Yes
Radu Carmen	Fondul Roman de Contragarantare	Directorate president	March 2015 – present	Yes
	Fondul Roman de Contragarantare	Member of the Supervision Board	August 2012 – March 2015	No
	ASF	Economic Manager	December 2013 – March 2015	No
	SNN	CA member	April 2013 – present	Yes
	ROMATSA	CA member	April 2013 – present	Yes
	Camera Consultantilor Fiscali din Romania	President of the Committee of state Auditors	June 2012 – present	Yes
	Adf Audit Management SRL	Sole associate and Administrator	2009 – present	Yes
Daniela Lulache	SN Nuclearelectrica SA	Heneral manager and CA member	April 2013- present	Yes



	SAPE	Nom-executive administrator	August 2014 – present	Yes
	SC Eqvon Finance SRL	Managing Partner	2010-2012	No

The BoD members with a direct relation with a shareholder owning over 5% of the voting rights, on 31.12.2015, are: Alexandru Alexe and Nicolae Bogdan Codrut Stanescu, employees of the Ministry of Energy.

During the course of the year, the BoD activity is evaluated quarterly, biannually and annually based on the performance criteria consisted by the management plan and mandate contacts. The compliance degree of the performance indicators is consisted in the annual report of CA. other evaluations of the CA activity were not performed.

At 31.12.2015, the members of the Board of Directors owned the following shares issued by SNN:

Name and surname	Shares owned at 31.12.2015
Daniela Lulache	886

The main responsibilities of the Board of Directors

According to the management plan from July 9th, 2013, the main objectives of the Bod, during the mandate, are the following:

- Operating the nuclear units under nuclear safety and security conditions for the personnel, population, environment and production assets
- Keeping the production capacity of the electrical energy over the current level in the industry
- Complying with the major investment objectives
- Improving indicators regarding the company's financial performances.

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

- a) Approval of the Company's main activity and development directions;
- b) Establishment of the accounting and financial audit system and approval of the financial planning;
- c) Appointment and revocation of the Managers, as well as the establishment of their remuneration
- d) Oversight of the activity of the General Manager and of the Managers
- e) Preparation of the annual report, organization of the general meeting of shareholders and implementation of the GMS resolution;
- f) Filing the request for opening the insolvency procedure of the company, as per the Law 85/2006 regarding the insolvency procedure;
- g) Approval of changing the activity field of the company, without affecting the main field of activity of the company.

The Board of Directors has also the following responsibilities:

- a) Exercise control on the way the General Manager and the other Managers govern the Company
- b) Approves the revenues and expenses budget
- c) Approves the management plan prepared by the General Manager and/or other Directors;
- d) 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;



- e) 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;
- f) Presents to the General Meeting of Shareholders an annual activity report;
- g) Represents the company in relationship with the General Managers and the appointed Managers;
- h) Verifies and approves the financial statements of the Company
- i) Verifies and approves the Report of the General Manager and the reports of the Managers;
- j) 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
- k) Approves the mandate contracts of the General Manager and of the appointed Managers thus establishing the organization of the activity of the managers;
- l) Approves the empowered representatives to negotiate the collective 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;
- n) Approves the Organization and Operation Regulations of the BoD;
- o) 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 Annexes 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 Annexes to the Articles of Incorporation.

In 2015, the Board of Directors convened 37 times in order to take necessary decisions regarding the administration of the company as per the attributions established in the Articles of Incorporation of SNN, in the Corporate Governance Regulation and as per the Regulation of the Organization and unfolding of the Board of Directors Meetings.

The attendance of the member of the BoD to the 37 meetings held in 2015 is as follows:

Sandulescu Alexandru	Alexe Alexandru	Lulache Daniela	Radu Carmen	Popescu Dan	Tcaciuc Sebastian Gabriel	Dragan Ioana *)membru CA until 29.04.2015	Stanescu Bogdan *) membru CA starting from 29.04.2015
33	34	34	28	34	27	11	18

As per the provisions of the Articles of Incorporation of SNN, the Corporate Governance Regulation and as per the Regulation of the Organization and unfolding of the Board of Directors Meetings, the members of the BoD awarded representation mandates to other members of the BoD for the meetings that they couldn't attend in person or on the phone, thus ensuring the representativity and the quorum requirements. The BoD meetings are statutory under the condition of the attendance of the majority of the members.

The Secretary of the BoD at 31.12.2015 is Mrs. Lavinia Rizea, Public relations specialist with SNN.

The remuneration of the BoD members

As per OUG 109/2011 regarding the corporate governance of public companies, the policy and remuneration criteria of the administrators and directors of the company in an unitary system are made public on the web page of SNN, in the “Public information” section.

The administrators and directors receive a fixed monthly indemnity for their activity and a variable one. The variable indemnity is payable in compliance with the accomplishment of the performance criteria and indicators established in their mandate contract as they can be found in the administration/management plan.

The fixed monthly indemnity is limited as per the provisions of OUG 51/2013. The fixed and variable indemnity of the members of the Board of Directors is approved by the GMS. The general limits of the remuneration of the directors (directors as per art. 143 of the Law 31/1990) are approved by the General Meeting of Shareholders, on the basis of the regulated limits, the BoD establishing the quantum of the remuneration of the directors. The general manager is a member of the BoD and an executive administrator.

During the time the general manager exercises the capacity of administrator, he is entitled only to the remuneration applicable in his mandate contract, without being remunerated as a board member as well.

Detailed information regarding the remuneration of the administrators and managers for 2015 can be found in the Report of the Nomination and Remuneration Committee.

10.3.2. The executive management

The Board of Directors delegates the management of the company to one CEO. 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 to them;
- c) applies the strategy and policy of the Company development;
- 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 Annex to the Articles of Incorporation;
- i) approves the investment projects, in compliance with the competence limits provided in the Annex 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;



- t) 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);
- m) establishes the duties and responsibilities of the Company's staff, on departments;
- n) approves the collection and payment operations, as per the legal competences and provisions of the Articles of Incorporation;
 - o) empowers the Managers or any other person to exercise powers from his field of competence;
 - p) 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;
 - q) approves the competences and the responsibilities of the Company's departments;
 - r) 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 Regulation of the Company and the Internal Regulation;
 - s) establishes and approves the environmental protection and occupational safety policies, in compliance with the legal provisions;
 - t) approves the legal documents and rules which regulate the activity of the company;
 - u) establishes the marketing tactics and strategy;
 - v) fulfills any other responsibility provided by the legislation, Articles of Incorporation, resolutions of the Board of Directors and decisions of the General Meeting of Shareholders;
 - w) solves any other matter that the Board of Directors commissions to it

The manager of Cernavoda NPP , appointed through the decision of the Board of Directors, concluded a mandate contract with SNN number 9 of 26 August 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 SNN assets related to Cernavoda NPP, within the limits of his delegated attributions, under conditions of nuclear safety, without affecting the population, the own personnel or the environment and through the observation of the requirements provided in the authorizations of the plant. Also, it coordinates the implementation of the nuclear safety policy of Cernavoda NPP.

The CFO was appointed by the Board of Directors on 1 February 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 Executive. In order to fulfill its mandate, the CFO performs 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 its duties towards them.

Executive management

Name and surname	Position	Start date (since 2015)	End date (since 2015)
Daniela Lulache	CEO	01.01.2015	31.12.2015
Mihai Darie	CFO	01.02.2015	31.12.2015
Ionel Bucur*)	Manager of Cernavoda NPP Subsidiary	01.01.2015	31.12.2015
Andrei Gheorghe**)	Manager of FCN Pitesti Subsidiary	01.01.2015	17.08.2015
Florin Gheba	Manager of FCN Pitesti Subsidiary	17.08.2015	31.12.2015

*) suspended mandate

***) suspended mandate and replaced by Florin Gheba

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 31.12.2015, the managers owned the following shares issued by SNN:

Name and surname	Shares owned at 31.12.2015
Daniela Lulache	886
Mihai Darie	1.200

At the date of this report, the Company has no 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 SNN Board of Directors establish 4 advisory committees, made up of at least 2 board members; at least one member being an independent non executive administrator.

- **The Nomination and Remuneration Committee** - established in compliance with article 34 of GEO 109/2011 regarding the corporate governance of public companies, by the resolution number 7 of the Board of Directors dated 26.04.2013, consisting of Alexandru Alexe, Carmen Radu and Alexandru Sandulescu;
- **Advisory Audit Committee** - established in compliance with article 34 of GEO 109/2011 regarding the corporate governance of public companies, by the resolution number 8 of the Board of Directors dated 30.04.2013, consisting of Gabriel Sebastian Tcaciuc, Alexandru Alexe and Carmen Radu;
- **Nuclear Safety Advisory Committee** - established in accordance with art. 34 of GEO 109/2011 on corporate governance of public enterprises, by resolution no. 27 of the Board of Directors dated 26.08.2013, consisting of Dan Popescu, Daniela Lulache, Alexandru Sandulescu;
- **Advisory Committee for strategy, development and large investment projects** established in accordance with art. 34 of GEO 109/2011 on corporate governance of public enterprises, by resolution no. 27 of the Board of Directors dated 26.08.2013 consisting of Daniela Lulache, Alexandru Alexe, Gabriel Sebastian Tcaciuc and Dan Popescu

The Advisory Committees are tasked with the performance of investigations and the drafting of recommendations for the Board of Directors, in their specific fields, being required to periodically forward activity reports to the Board members.

The main responsibilities of the Consultative Committees are stipulated in the Regulations of Organization and functioning approved by the Board of Directors and available on the SNN website.

Each Consultative Committee has appointed a secretary and a chairman. The Chairmans of the Advisory Committees are the following administrators:

Nomination and Remuneration Advisory Committee	Nicolae Bogdan Codrut Stanescu
Audit Advisory Committee	Carmen Radu
Nuclear Safety Advisory Committee	Alexandru Sandulescu
Advisory Committee for strategy, development and large investment projects	Daniela Lulache

The Audit advisory committee

The audit committee is formed of 3 members appointed from among the members of the Board of directors. Starting with 26.03.2014, as per the BoD resolution number 45/26.03.2014, the committee has the following members: Carmen Radu (independent non-executive member), Alexandru Alexe (non-executive member) and Gabriel Sebastian Tcaciuc (independent non-executive member), all the members having specialized training

The role of the Audit committee is to assist the BoD in performing its duties related to internal audit and to offer counseling regarding the strategy and policy of the Company related to the internal control system, internal and external audit, evaluation of conflict of interest, as well as the control over the risk management system.

From a functional perspective, the Audit Committee reports directly to the Board of Directors. Within the SNN, an internal audit department operates, responsible for managing the internal audit activity at the company level, which reports to the Board of Directors, in terms of functionality and to the General Manager from administrative point of view.

The main duties of the Audit Advisory Committee include functions of analysis, monitoring, supervision and facilitation, as follows:

- Endorsement of the multiannual plan for internal audit and the regulatory documents developed by the Internal Audit Department;
- It regularly examines the effectiveness of the internal control and risk management system
- It monitors the application of the legal standards and of the internal audit standards, maintaining the authority, independence and impartiality of the internal auditors;
- It monitors the compliance of the Company with the legal framework provisions, articles of incorporation and applicable internal normative documents;
- It analyzes and approves: the activity reports of the Internal Audit Department, related party transactions;
- It monitors the accuracy and reliability of financial information provided to the Company's management and to the external users
- It supervises the activity of internal auditors and of the financial auditors
- It approves or proposes the approval addressed to the supervisory function bodies or the shareholders on the appointment, remuneration and dismissal of the financial auditor;
- Assurance that the bodies responsible for the management take the necessary remedial measures to solve the identified shortcomings
- Preparation and submission of reports on the request of the Board of Directors.

In 2015, the Audit Committee was convened in 4 sessions where recommendations were formulated by the Board of Directors of SNN on themes within the scope of its duties as follows:

- Submission for information of:
 - Report on the internal audit activity in 2014;
 - Internal Audit Plan for 2015.
- Submission for approval of the following materials by the Board of Directors of SNN:
 - Reports of the General Manager, the Manager of Cernavoda NPP branch and CFO on 31 December 2014, as well as quarterly;
 - The quarterly reports of the Board of Directors of SNN for the first quarter, second quarter, third quarter and fourth quarter of 2015 prepared in accordance with GEO no. 109/2011 regarding the corporate governance of the public enterprises;
 - Independent auditor's review report on the interim condensed separate financial statements as at and for the six months period ended on 30 June 2015



- Independent limited assurance report on the information included in the current reports prepared by the Company in accordance with Art. 225 of the Law no. 297/2004 and CNVM Regulation no. 1/2006
 - Report on the internal audit activity performed at the SNN level in 2014;
 - Unaudited condensed separate interim financial statements for the first 3 months of 2015 and at nine months;
 - Consolidated and condensed individual interim financial statements for the 6 month period ended on 30 June 2015
- Submission for endorsement by the Board of Directors of the following documents in order to be approved in the General Meeting of Shareholders:
- The individual annual financial statements and the consolidated ones at the end of 2014, prepared in accordance with the International Financial Reporting Standards (IFRS - EU), based on the independent auditor's reports and the annual report of the administrators for 2014;
 - Annual Report of the Administrators for the year 2014;
 - Revenues and Expenditures Budget for 2015
 - Allocation of net profit for the financial year 2014;
 - The gross dividend per share for financial year 2014 to the date of initiation of dividend payment and payment methods;
 - The report on the work of the administration for the first quarter of 2015 prepared in accordance with the provisions of the Art. 7 section 7.19 and section 7.19 and section 7.21 of the Management Contract signed by members of the Board of Directors of S.N. Nuclearelectrica S.A.
 - Report on the work of directors for the first semester of 2015 prepared in accordance with the provisions of Art. 7 section 7.19 and section 7.19. and section 7.21 of the Management Contract concluded by the members of the Board of Directors with S.N. Nuclearelectrica SA.
 - Report on the work of directors for the third quarter of 2015 prepared in accordance with the provisions of the Art. 7 section 7.19. and section 7.21 of the Management Contract concluded by the members of the Board of Directors with SN Nuclearelectrica SA.
 - Proposals revised by the Budget of Revenues and Expenditures for 2015.

Regarding the management of conflicts of interests, each member of the Board of Directors has to ensure the avoidance of a conflict of interest directly or indirectly with the Company, and in the event of such a conflict, it will abstain from deliberating and voting on those matters, in accordance with legal provisions in force.

In order to ensure the procedural fairness of the transactions with the parties, the members of the Board of Directors are turning to these criteria, but without being limited thereto:

- maintaining the competence of the Board of Directors and of the General Meeting of Shareholders, as appropriate, to approve the most important transactions;
- requesting a preliminary opinions on the most important transactions from the internal control structures;
- entrusting negotiations relating to these transactions to one or more independent directors or to directors who have no connections with the parties concerned;
- recourse to independent experts.

Transactions concluded with related parties in 2015 and reported to the capital market authorities in Romania and to the SNN shareholders, based on the provisions of art. 225 of Law 297/2004 raised no problem concerning the potential conflicts of interests with administrators and directors of SNN.

In 2015 there were no transactions with a value equal to or greater than 5% of the net assets of the company (according to the latest financial report).

The planning of the internal audit activities is made following a comprehensive risk assessment process (eg .: discussions with department heads, the results of the activities of other monitoring departments, reports of control bodies external to the company, previous audit report results). The Audit Committee has reviewed the internal control system, based on the



assessment questionnaire concerning the assessment of the stage of implementation of the standards internal / managing control, consisting in the compliance of the internal management control with the standards stipulated in Order no. 400/2015.

In order to assess how there are implemented the management internal control standards in terms of adequacy of the internal control system design, of the implementation uniformity of these requirements within the three subunits (SNNE, FCN, CNE) and of the observance of the best practices in the field of the internal control systems, there was contracted specialized consultancy services from KPMG, also being performed an assessment of the maturity level of risk management process within SNN based on 5 perspectives comprised in the specific methodology:

- Risk management
- Risk assessment
- Quantification and aggregating of risks
- Monitoring and reporting of risks
- Control and optimization of risks

In 2015, SNN continued the efforts to develop the management system based on SMART objectives through the creation of an effective relation of reporting on functional line, centralized functional coordination contributing to better alignment of the execution to the strategy and development of the management system based on objective and of some planning techniques on short-term (annual), with an efficient centralized system for collecting and processing the information.

More information on the internal audit activity is found in Chapter 10.8

The Advisory Committee for Nuclear Safety

The Committee for Nuclear Safety provides the Board of Directors assistance and / or independent evaluation in the field of nuclear safety and environmental protection, elaborating written recommendations in this regard.

The main responsibilities of the Advisory Committee on Nuclear Safety are the consulting / evaluation in fields such as:

- (i) The Company's strategic options related to nuclear security, taking into account the current situation of the regulatory framework applicable to the operating activities of Cernavoda NPP;
- (ii) The conclusions drawn from the review of certain designing studies and their impact on systems, structures and components with nuclear safety critical functions;
- (iii) Fundamental decisions on nuclear safety, as well as on radiation protection, taken at the level of both the Company and its two subsidiaries;
- (iv) The framework and the main criteria to be adopted for nuclear safety and for the system of management and quality assurance;
- (v) Conclusions of the impact studies on all types of emissions into the environment;
- (vi) Criteria for nuclear safety, public health and environmental protection, applied in the relations with sub-contractors and suppliers;
- (vii) Development and implementation of training programs for nuclear safety culture to the Company staff;
- (viii) General policy and regulations on the personnel and requirements for competence in operating the Company's assets;
- (ix) Inspection of the structures and security critical function components;
- (x) Independent control processes in nuclear and radiation protection problems related to the specific activities of the Company;



- (xi) Authorization and licensing process;
- (xii) Analyzes of the reports of the operation events / incidents with potential impact on the nuclear safety or personnel radiation protection;
- (xiii) Analysis of any report on nuclear safety, elaborated at the Company level;
- (xiv) Any matter for which the Board of Directors deems that it is necessary to be consulted the Advisory Committee on Nuclear Safety.

Initially, the Nuclear Safety Committee was composed of the following members of the Board of Directors: Daniela Lulache, Ionel Bucur, Dragos Popescu, Dan Popescu and Alexandru Sandulescu. By Decision no. 45 dated 26 March 2014, the Nuclear Safety Advisory Committee was composed of the following three members: Dan Popescu, Daniela Lulache and Ionel Bucur. Starting with 6 October 2014, it remained the members of the Advisory Committee, Dan Popescu (non-executive member, independent) and Daniela Lulache (executive member).

In 2015, by the Board of Directors decision no. 81 of 22 May 2015, Mr. Alexandru Sandulescu (independent non-executive member) becomes once again a member of the committee, on which occasion he was appointed chairman of CCSN.

CCSN was met 3 times during 2015 and once in January 2016. In the four meetings organized from February 2015 to January 2016, it was set for endorsement to the Board of Directors the following documents:

- The reports on the state of nuclear safety at the Cernavoda NPP on the fourth 2014 and I, II and III, 2015 quarters;
- Policy of the National Company Nuclearelectrica S.A. to ensure the safety in the supply of raw material, fuel and fuel bundles.

The Advisory Committee for Strategy, Development and Large Investment Projects

The Committee for Strategy, Development and Large Investment Projects (CSDPMI) was originally composed of the following 3 members: Daniela Lulache, Dragos Popescu and Alexandru Alexe. The committee structure was subsequently modified, CSDMI consisting currently of the following four members of the Board of Directors (BoD): Daniela Lulache (executive member) as Chairman of the Committee, Alexandru Alexe (non-executive member), Gabriel Sebastian Tcaciuc (independent non-executive member) and Dan Popescu (independent non-executive member).

The Committee for Strategy, Development and Large Investment Projects carries out analyzes and develops written recommendations for the Board of Directors of SNN on:

- Global strategy of development, refurbishment, modernization, economic and financial restructuring of the company and the main directions of development, the company's strategic objectives and ways to achieve them;
- Approval and implementation by the Board of Directors of large investment projects (projects whose estimated value exceeds EUR 5 million), following the analysis of specific documentation.

In 2015, the Advisory Committee for Strategy, Development and Large Investment Projects was met in four meetings where recommendations were formulated by the Board of Directors, as follows:

- regarding the appropriateness and strategic implications of the proposed waiver of participation of SNN to the investment projects (i) Hydroelectric Station of Pumping by Accumulation (CHEAP) Tarnita and (ii) Undersea interconnection cable of 400 KV between Romania and Turkey, in the meaning of the approval by the Board of Directors and respectively the approval by the Extraordinary General Meeting of Shareholders (EGMS);

- regarding the appropriateness and strategic implications of the proposal to change the destination of the amount of 75,260.58 kg of heavy water (that of providing the first load for Units 3 and 4 of Cernavoda NPP) for use in the current activity of exploitation of NPP Units 1 and 2 from Cernavoda NPP, meaning the approval by the Board of Directors and respectively the approval by the EGMS;
- regarding the Memorandum of Understanding on the development, construction, operation and decommissioning of Units 3 and 4 at Cernavoda (MoU), as proposed by the Commission for Negotiations, meaning the approval by the Board of Directors and respectively the approval by the Interministerial Commission and subsequently by EGMS (two sessions, respectively one session in May 2012 for the approval of the proposed MoU on completion of the negotiations and a session in September for the endorsement of the note approving the MoU which was subject to approval by the EGMS in the meeting on 22 October 2015) .

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 BD 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: The shareholders registered in the list of SNN shareholders on the reference date 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 may 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 SNN, the management financial control is organized and exercised in accordance with GEO. 94/2011 on the organization and functioning of the economic and financial inspection and GD nr.1151 / 2012 approving the Methodological Norms on the organization and exercise of management financial control.

In 2015, the financial control bodies of the SNN have scheduled and performed a total of 31 internal financial control activities which included 31 control objectives covering the three locations (SNN Executive, Cernavoda NPP Branch and Pitesti FCN Branch).

From the quantitative analysis of the performance manner concerning the management financial control activity program for the year 2015, the following conclusions arise:

- the selection of the actions for management financial control was done considering the work programs of half-yearly internal financial control from the previous years;
- there were met all the objectives included in the approved control program
- compared to 2014 by the program of activities was planned and performed a 20% increase in the control objectives, being performed more management financial control activities.

As result of meeting of the control program, the following conclusions are found:

- as a result of the performance of management financial control activities, by the control operations there were recorded findings and corrective measures were proposed
- the deficiencies found are in most cases non-compliances, deviations from the normative acts compliance or the procedures in force;
- by the control documents there were established deadlines and responsibilities for settlement

On the organization and performance of the internal/management control:

- in the first quarter of 2015, it was carried out the self-assessment of the internal control/ management system by the accountability of the management responsibility, respectively the completion by each compartment from the company organizational chart based on the principle of truth, of the "Self-assessment questionnaire of the implementation stage of the internal/management control standards", development of the intermediate reports at the branches level, as well as of the consolidated report of the National Company Nuclearelectrica SA showing that on 31 December 2014 the internal/management system is partly compliant with the standards contained in the internal/management control code, respectively: 18 implemented standards, 7 partially implemented standards. No standard has remained unimplemented.
- in order to assess how there are implemented the management internal control standards in terms of adequacy of the internal control system design, implementation uniformity of these requirements within the three subunits (SNNE, FCN, CNE) and observing the best practices in the field of internal control systems, there were contracted specialized consultancy services from KPMG



- for the development of the management control system structure, correlated with the volume and complexity of the activities in the company, in 2015 there were conducted recruitment procedures and there were occupied the positions of Head of the Financial and Management Control and Head of the Risk Management, and currently there is undergoing completion the process of recruiting personnel with skills in financial control and internal/managerial control and risk management

Also, for the development of the management control system structure, for the compliance with the provisions of the Order 400/2015, but also with the requirements of corporate governance, including with the WANO recommendations on the need to improve the communication between branches and headquarters, as well as the development of a corporate oversight process, there are implemented the steps necessary to ensure the organizational framework for the compliance with the provisions of the Order no. 400 of the Government General Secretariat from 12 June 2015 for the approval of the Code concerning the internal/management control of the public entities, namely:

- the updating of the decisions on creating structures with attributions in the definition, designing, development, implementation and development of SCIM, in the monitoring, coordination and methodological guidance of implementation and / or development of internal control / management, including drafting of procedures formalized on activities;
- the updating of procedures on risk management and the Risk Committee. The risks management is coordinated centrally, the information collection, input data consolidation for the Risk Register being performed by the Risk Management Service;
- starting with the second quarter of 2015, there were made available to the management aggregations and statistics based on data contained in the risk registers;
- the establishment and approval of the SCM development program for 2016 (in accordance with art. 2 of 2 of OSGG 400/2015);
- development of the management system by objectives through the creation of an effective relation of reporting on functional line, the centralized functional coordination will contribute to the better alignment of the execution to the strategy and development of the management system based on objectives and of some techniques of planning on short-term (annual) with an efficient centralized system for collecting and processing the information. On December 2015, out of the 124 identified procedural activities, there were issued and approved 105 procedures, 2 procedures are in the approval circuit and development deadlines are set for 17 procedures;
- the inventory of the procedural activities and the procedures updating represent permanent activities, being a continuous process that involves each functional structure from SNN, with a centralized coordination and management at the level of the Control Directorate and Risk Management.

The activity on risk management 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 the transactions with the 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 AGM following the conclusion of the legal act on any transaction entered into by SNN, as a public enterprise, with another public enterprise or tutelary public authority, if the transaction has a value, individually or in a series of transactions, of at least the equivalent in RON of EUR 100,000.

10.8 Internal audit

In 2015, the internal audit activity at SNN level was carried out by the own internal audit structure, respectively the Internal Audit Department, subordinated to the General Manager of the Company. The SNN leadership assured the professional quality improvement of the organizational structure of the Internal Audit Department by recruiting experienced internal auditors, possessing internationally recognized certifications (CIA, CRMA).

During 2015, 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 auditor. In the branches, Cernavoda NPP and Pitesti FCN 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. In the second half of 2015, within the Internal Audit Department, following documents have been developed to improve the running of business:

- Methodological Norms regarding the organization and performance of internal audit within SNN;
- Internal Audit Carta.

The rules were drawn up in accordance with the law in force (GD 1086/2013 and L 672/2002), with the Standards for Professional Practice of Internal Auditing of the Institute of Internal Auditors (IIA-Inc) and the best practices in the field.

Also at the level of the Internal Audit Department, it was continued the Program of ensuring and improving the quality, by which it is aimed:

- 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. Also, at the end of the year, the CEO approved the Audit Multi-annual Plan 2016-2018, which intends to cover most areas auditable under current legislation.



During 2015, the Internal Audit Department has conducted five missions of assurance and one mission of advising. The Internal Audit Department constantly monitors the implementation status of the recommendations made during the internal audit missions, the internal auditors requiring on the due dates the communication status and if possible, the transmission of the evidence of implementation. After the expiry of the implementation term, the auditors travels to the audited entity to verify the compliance of the information received and to set new terms for implementation, if necessary.

Regarding the professional training of the internal auditors within SNN S.A. during 2015, we mention that there were observed the provisions of Art. 21, paragraph 8 of the Law no. 672/2002, republished, by attending the courses of training / improvement, as well as individual 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, 2015. 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 result of the withdrawal of the last two foreign shareholders (Arcelor Mittal and ENEL) and consisted mainly in the change of the rules for convening and voting within the meetings of the General Meeting of Shareholders and Board of Directors.

Documents of appointment/revocation of administrators

Energonuclear 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 2015 is as follows:

- Elena Popescu – chairman;
- Ion Sarbulescu – member;
- Liviu-George Fotache – member.

Management of the company

During the year 2015, the executive management of EN was provided by the following managers:



- Minodor Teodor Chirica, general manager (mandate contract for the entire year 2015)
- Cristian Talmazan, head of the Technical Department and Project Management (employment contract from 1 June 2015)
- Ecaterina Nitu, chief accountant (employment contract for the entire year 2015)

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 2015, 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:

- i. Providing support, especially technical, to the Commission of Negotiation (CN), as part of "Team SNN" within the proceeding launched by the National Company Nuclearelectrica (SNN) for the qualification and selection of a private investor, a majority one, respectively in the negotiation phases of the Memorandum of Understanding (MoU). During this period, the necessary technical documents were produced, the tender received from CGN was assessed from technical point of view, there were issued, at the request of SNN, letters / opinions regarding the assumption of the MoU draft in various stages of its negotiation (November 2014 - May 2015).
- ii. Issuing of opinions at the request of SNN for the initial phase of the negotiations for the Investors Agreement: updating of Annex 12, transfer of authorizations - assets, business plan, budgets, organizational chart, the first IA draft etc. (October-December 2015)
- iii. Collaboration with various authorities and institutions in the field of nuclear safety, radioactive waste management, environment, etc (CNCAN, ANDR, ISCIR, etc.); coordination and organization, at the request of SNN, of technical meetings between CGN / CNPEC and CNCAN, respectively ISCIR on the subject of authorization process of the Project (02-11 December 2015)
- iv. Performance of the final acceptances of the works carried out on the site:
 - Rehabilitation of the access stairs and technology platform and to the ring beam of the reactor building of Unit 4 at Cernavoda NPP (contract no. 40/2009)
 - Performance of the safety access conditions for the inspection of the buildings of Units 3 and 4 of the Cernavoda NPP - covers and railings to gaps, access stairs between the levels and removal of shuttering for the concrete structures from U3 and U4 (contract no. 44/2000)
 - Works for fireproofing the technology platform to the ring beam of the reactor building of Unit 3 from Cernavoda NPP (Contract 26/2012)
- v. Supervision of the Units 3 and 4 site status, as well as of the assets covered by the bailment agreement between SNN and EN (no. SNN 500 / 22 April 2011) and issuance of inspection reports
- vi. Development / updating of Reports for internal information, developing to the stage where it requires the cooperation with the designing authority, a number of issues that will emerge in the pre-project period (power supply, updating of the list of design changes, updating of the basic list of documents for authorization, requirements for turbo-generator, seismic qualification requirements for the classical part etc.)
 - i. Provision, at the request of Cernavoda NPP, of EN ownership documentation based on the confidentiality agreement between SNN/CNE and EN
 - ii. Participation to the consultations organized by CNCAN concerning the drafts of the rules NSN-05 and 20, seminary NUREG-0800 (September 2015)
 - iii. Participation to internal discussions (DGEM and SNN / CNE) generated by the request of the European Commission (COM) from 11 June 2015 on information regarding the lifetime extension projects at Cernavoda NPP Unit 1 and the implementation of the results of stress tests on Units 1 and 2 of Cernavoda NPP
 - iv. Preparation of the response projects, at the request of DGEM, with information for Units 3 and 4 of Cernavoda NPP requested by the European Commission



- v. Participation in the analyzes required, under DGEM coordination and in collaboration with SNN/CNE, ICN and IFIN-HH for drafting by ANRE of a response to the OM request from 9 June 2015 concerning the National program on responsible and safe management of worn nuclear fuel and radioactive waste
- vi. Support for DGEM on different topics (validation of the Country Sheet for Romania at the request of COM; viewpoint regarding the transposition of Directive 2014/87/Euratom; viewpoint on the AGIA petition / letter of 15 May 2015; proposal of information on nuclear field at the request of the World Bank; viewpoint regarding the status of the Units 3 and 4 project following the CSAT meeting from 9 June 2015 - sent to SNN for integration into common response)
- vii. Management of the Company's current issues

EN resources came mainly from the cash contributions made by the shareholders and to a lesser extent the amounts from interests.

At 31.12.2015, EN has 16 employees out of which 8 employees in the technical field and the rest representing support functions necessary for the activity of EN (financial-accounting, internal public auditor, administrative, legal, secret document management, human resources, occupational safety and firefighting, patrimony and archives management, IT).

Litigations

On December 31st, 2014, the most important litigations of the company is 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-CCCMB, 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 RON and will not have to collect and monitor differences of leave allowances from employees and claims, representing compensations in amount of 556.526 RON. The Bucharest Court partially admitted the EN action meaning the Court cancelled the Decision no. 97/28.11.2011 issued by CC- CCCMB and the conclusion no. 22/09.02.2012 of the Court of Accounts – Claims Settlement Commission. The Bucharest Court decision is not final and has been appealed to the Bucharest Court of Appeals, pending before the Court.

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.



12. Subsequent events

Cernavoda NPP Units 3 and 4 Project

In the month of January 2016 the talks were continued between the Negotiation Commission and China General Nuclear Corporation (CGN) for the Investors Agreement and the Articles of Incorporation, EN providing the information required by SNN for this purpose (documentation based on which it was obtained the European Commission, the updating of the list of licenses and permits, EN employees list, including the CVs and job descriptions, main stages of the performance schedule, list of EN assets on 31 December 2015).



13. STATEMENTS AND SIGNATURES

Based on the most accurate available information, we confirm that the individual financial statements and the consolidated financial statements 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, the financial performance and cash flow for the 2015 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 CNVM Regulation no. 1/2006 for the financial year ended on 31 December 2014, provides a correct and true information 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 performed activity.

Alexandru SANDULESCU
President of the Board of Directors

Daniela Lulache
Chief Executive Officer

Mihai Darie
Chief Financial Officer



14. Appendices



Appendix 1 – Articles of incorporation amended in 2015

By the Decision of the Extraordinary General Meeting of Shareholders no. 2/29.04.2015, it was approved the amendment of the SNN Articles of Incorporation motivated by renaming of the majority shareholder, clarifying the company's management delegation of the Board of Directors in the sense that the Board of Directors delegates the management of the company to one or several managers, appointing one of them as CEO, as well as the changing of the share capital in accordance with its increase to 3,016,200,000 RON.



Appendix 2 – Important contracts concluded by the company in 2015

During 2015, 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 SNN majority 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:

Electricity transactions

No.	Parties	Concluding date and act number	Nature of the legal act	Object description	Total value	Receivables	Warranties	Terms and payment methods	Stipulated penalties
1.	SNN SA – ELECTRIC A FURNIZARE SA	18.06.2015/513	Sale/Purchase contract	Sale and purchase of the energy volumes transacted on the Centralized Bilateral Contract Market for the Universal Service	77.759.997,12 RON	7.695.429,90 RON	n/a	Maximum 10 days since the beginning of the month following the delivery month	Penalizing interest rate for each day of delay calculated by applying to the amount unpaid in due time of a percentage equal to that applied to calculate the interest rate due for unpaying in due time the obligations to the state budget.
2.	SNN and Electrica Furnizare	15.12.2015 No.RUEC 1277/15.12.2015	Contract	Angro sale of energy	87,614,705.00 RON	11.577.439,01 RON	n/a	Payment no later than 10 days since the beginning of the month following the delivery month	Penalizing interest rate for each day of delay calculated by applying to the amount unpaid in due time of a percentage equal to that applied to calculate the interest rate due for unpaying in due time the obligations to the state budget.



3.	SNN and Electrica Furnizare	29.12.2015 No: 1352	Addendum	Angro sale of energy	100.950.875,13 RON	11.577.439,01 RON	n/a	Payment is done is 10 financial days from the date of invoice issuance + 15 days of grace.	Awarded per ANRE Decision no.2562/16.12.2015
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Public procurement contracts

No.	Parties	Concluding date and act number	Nature of the legal act	Object description	Total value	Receivables	Warranties	Terms and payment methods	Stipulated penalties
1.	SNN SA – COMPANIA NATIONALA ADMINISTRATI A CANALELOR NAVIGABILE	5.01.2015/3	Addendum no. 2 to Contract no. 821/02.07.2014	Water transit services in the I - II CDMN and drainage workings	Addendum value 3.777.496,71 Lei Cumulated value per contract 4.287.670,71 Lei	Debt: 1.275,69 Lei	n/a	30 days since the confirmation date of receiving the invoice.	0,06 % per day of delay
2.	SNN SA – ADMINISTRATI A NATIONALA APELE ROMANE	27.01.2015/44	Service Contract/ Subscription	Use/Exploitation of surface and/or underground water –Use of Danube water for the nuclear power plant	58.112.064 lei	Debt: 7.615.338, 88 lei	n/a	Payment is done in 30 days since the day of issuing the invoice	The delay penalty is 0,02% for each day of delay

3.	SNN SA – REGIA AUTONOMA TEHNOLOGII PENTRU ENERGIA NUCLEARA – INSTITUTUL DE CERCETARI NUCLEARE (RATEN ICN)	02.02.2015/53	Addendum no. 4 to Contract no. 866/13.09.2012	Services to perform measurements to determine the C-14 and Sr-90 content of the liquid effluents from Cernavoda NPP, Units 1 and 2 after commercial operation-adjustment of contract tariffs	Addendum value 3.104,82 lei Cumulated value per contract 416.351,8 lei	SNN debt on 2.02.2015: 1.117.663,57 lei	Warranties by RATEN-ICN on 2.02.2015 26.545,37 lei	30 days from payment acceptance of the invoice, accompanied by the Service Reception Minutes.	0,02% per day of delay
4.	SNN SA – COMPANIA NATIONALA A URANIULUI	06.02.2015/79	Frame agreement	Storage services for the final storage of the unincinerated solid radioactive waste, contaminate with natural uranium, resulted from the FCN Pitesti activity.	578.800 Lei (maximum value of the frame agreement)	651.329,17 lei (FCN debt to on 06.02.2015)	4.816.201,34 lei	30 days from the date of the Service Reception Minutes related to each waste transport	0,06% per day of delay
5.	SNN SA – ADMINISTRATI A NATIONALA „APELE	04.03.2015/170	Addendum no. 4 to Subscription no. 82/2011	Use/exploitation of water resources-takeover of	Valoare act additional: 11.056.826,88 lei	Datorie SNN la data de 4.03.2015:	n/a	30 zile de la emiterea facturii	0,04 % pentru fiecare zi de intarziere

	ROMANE” - ADMINISTRATI A BAZINALA DE APA ”DOBROGEA-LITORAL”			used water resulted from Cernavoda NPP, Units 1 and 2 in 2015	Cumulated value per subscription 54.249.566,73 lei	1.057.114,19 lei			
6.	SNN SA – REGIA AUTONOMA TEHNOLOGII PENTRU ENERGIA NUCLEARA – INSTITUTUL DE CERCETARI NUCLEARE (RATEN ICN)	168/06.03.2015	Addendum no. 3 to Contract no. 639/03.07.2012	Post-irradiation services of spent nuclear fuel discharged from Cernavoda NPP reactors-adjustment of contract price	Addendum value 21.512,24 lei Cumulated value per contract 2.915.080,24 lei	SNN debt on 06.03.2015 : 802.973,93 lei	Warranties by RATEN-ICN on 06.03.2015 : 154.415,98 lei	30 days from the date of signing without objections the Service Reception Minutes	0,02% per day of delay
7.	SNN SA – REGIA AUTONOMA TEHNOLOGII PENTRU ENERGIA NUCLEARA – prin SUCURSALA INSTITUTUL DE CERCETARI NUCLEARE (RATEN ICN)	18.03.2015/207	Addendum no. 1 to subsequent contract no. 1 of the frame agreement no. 350/21.03.2014	Treatment services of the radioactive water resulted from the fabrication of UO2 pallets, powder and pallets control from FCN Pitesti subsidiary.– addition of radioactive water	Addendum value 16.720 lei Cumulated value per subsequent contract subsecvent: 250.800 lei	SNN debt on 18.03.2015 : 687.006,39 lei	Warranties by RATEN-ICN on 18.03.2015 : 260.387,41 lei	30 days from the date of the Service Reception Minutes	0,06% per day of delay

8.	SNN SA – COMPANIA NATIONALA ADMINISTRATI A CANALELOR NAVIGABILE S.A.	02.04.2015/255	Addendum no. 4 to the contract no. 196/31.03.2008	Rental services for equipment warehouse at Cernavoda	Value of the addendum: 49.777,68 Euro Cummulated contract value: 222.565,68 Euro	SNN debt to CN Administratia Canalelor Navigabile at 2.04.2015: 66.261,62 lei CN Administratia Canalelor Navigabile receivable to SNN S.A. at 2.04.2015 : 555,73 lei	n/a	Monthly for the current month until the first day of the following month.	0,15 % per calendar day of delay
9.	SNN SA – REGIA AUTONOMA TEHNOLOGII PENTRU ENERGIA NUCLEARA – prin SUCURSALA INSTITUTUL DE CERCETARI NUCLEARE (RATEN ICN)	03.04.2015/261	Subsequent contract no. 2 to the frame work agreement no. 350/21.03.2014	Services for the tratment of radioactive waters resulted from the manufacturin g process of the UO2 fuel pellets, powder and pellets control at FCN Pitesti.	Value of the subsequent contract: 237.333,60 lei	SNN debt to RATEN- ICN at 03.04.2015 : 752.825,59 lei	Warranties constituted by RATEN- ICN at 03.04.2015: 260.387,41 lei	30 days since the signing of the Transfer protocol	0,06% per day of delay

10.	SNN SA – REGIA AUTONOMA TEHNOLOGII PENTRU ENERGIA NUCLEARA – prin SUCURSALA CENTRUL DE INGINERIE TEHNOLOGICA PENTRU OBIECTIVE NUCLEARE (RATEN CITON)	02.06.2015/448	Contract	Design services for the extension of the Spent Nuclear Fuel Repository (DICA) and the replacement of the MACSTOR 200 type modules with MACSTOR 400 type modules starting with module 10.	Contract value: 1.098.825 lei	RATEN-CITON receivables to SNN at 02.06.2015 : 276,19 lei	Warranty in the amount of 109.882,5 lei which will be constituted within 10 days since the signing of the contract (02.06.2015)	30 days since the signing of the Service Acceptance documents without observations	0,06 % per day of delay
11.	SNN SA – REGIA AUTONOMA TEHNOLOGII PENTRU ENERGIA NUCLEARA – prin SUCURSALA CENTRUL DE INGINERIE TEHNOLOGICA PENTRU OBIECTIVE NUCLEARE (RATEN CITON)	08.06.2015/466	Subsequent contract no. 1 to the frame work agreement no. 1418/26.11.2014	Complete engineering services for the development of a monitoring program of the vibrations in the pipes of Cernavoda NPP (Units 1 and 2) – Stage 1 – Preliminary evaluation of the causes of the vibrations	Value of the subsequent contract 225.736 lei	RATEN-CITON receivables to SNN at 08.06.2015 : 276,19 lei SNN debt to RATEN-CITON at 08.06.2015 : 109.739,95 lei	Warranty in the amount of 22.573,60 lei which will be constituted within 10 days since the signing of the subsequent contract. (08.06.2015)	30 days since the reception of the invoice accompanied by the Service Acceptance documents related to the services, signed without objectives by both parties	0,06 % per day of delay



				of the piping system.					
12.	SNN SA – COMPANIA NATIONALA A URANIULUI	29.06.2015/539	Subsequent contract no. 5 to the frame work agreement 148/17.02.2012	Service for the processing of non compliant natural uranium nuclear materials	Value of subsequent contract 3.611.444,28 lei	SNN sebt to CNU 10.858.656 ,24 lei at 29.06.2015	Warrantie in the amount of 180.572 lei which will be constituted within 10 days since the signing of the subsequent contract.	Maximum 30 days since the reception of the invoice issued after the service is performed and the UO2 sintered powder is sent, accompanied by the Service Acceptance documents	0,1 % per day of delay
13.	SNN SA – REGIA AUTONOMA TEHNOLOGII PENTRU ENERGIA NUCLEARA – prin Sucursala INSTITUTUL DE CERCETARI NUCLEARE (RATEN ICN)	25.08.2015/3708	Frame work agreement	Radioprotecti on services (uranium and beriliul in urine analysis) for the employees of FCN Pitesti subsidiary.	329.940 LEI	SNN sebt to RATEN ICN: 270.169,55 Lei at 25.08.2015	255.674,62 LEI	Maximum 30 days since the Service Acceptance documents and of the original invoice	0.06 % per day of delay
14.	SNN SA – Asocierea dintre REGIA AUTONOMA TEHNOLOGII	04.09.2015/3466	Service contract	Services regarding the monitoring of the hidrotechnica	580.000 lei	SNN receivables to RATEN CITON:	1.939,5 lei	Maximum 30 days since the signing without observations	0.06 % per day of delay



	PENTRU ENERGIA NUCLEARA - CENTRUL DE INGINERIE TEHNOLOGICA OBIECTIVE NUCLEARE (RATEN-CITON) SI TOPOGEODESIS SRL			1 constructions behavior in time for the supply of cooling water and the evacuation of the hot water from Cernavoda NPP, services regarding the verticality monitoring of the Wheather Tower and services regarding the monitoring of the subsidence of the land at the foundation of the separators and the portal pillar from the 400 Kv.		3.425,31 Lei at 04.09.2015		of the Service Acceptance documents for each report or set of reports submitter and of the original invoice.	
15.	SNN SA – REGIA AUTONOMA TEHNOLOGII PENTRU	08.10.2015 SNN number: 980	Contract	Enviroment monitoring services	Contract value: 347.522,08 Lei	SNN debt to RATEN ICN:	270.029,78 at 08.10.2015	Quarterly, within maximum 30 days since	0.06 % per day of delay



	ENERGIA NUCLEARA – prin Sucursala INSTITUTUL DE CERCETARI NUCLEARE (RATEN ICN)					426.965,45 lei at 08.10.2015		the reception of the services on the basis of the Service Reception documents and of the original invoice	
16.	SNN SA – ADMINISTRATI A NATIONALA A REZERVEI DE STAT SI PROBLEME SPECIALE (ANRSPS)	1125/11.11.2015 1153/13.11.2015	Contract Addendum	Heavy water for completing the reserve of Units 1 and 2 of Cernavoda NPP	11.095.440 lei	-	-	Maximum 2 working days since the signing of the preliminary Service Reception documents, based on the original invoice	-

Term deposits concluded with EXIMBANK SA Export-Import Bank of Romania-Bucharest based on current frame agreement no. 499S1/30.04.2014

No.	Deposit type	Date of the deposit	Maturity date	Amount	Interest rate
1.	Term deposit	5.01.2015	6.04.2015	60.000.000 lei	1,65% per year
2.	Term deposit	9.02.2015	11.05.2015	20.000.000 lei	1,20% per year
3.	Term deposit	23.03.2015	23.07.2015	20.000.000 lei	1,23% per year
4.	Term deposit	6.04.2015	6.07.2015	60.000.000 lei	1,42% per year
5.	Term deposit	6.07.2015	6.10.2015	60.000.000 lei	1,25% per year
6.	Term deposit	22.07.2015	23.11.2015	20.000.000 lei	1,3% per year
7.	Term deposit	23.07.2015	23.11.2015	20.000.000 lei	1,3% per year
8.	Term deposit	6.10.2015	08.02.2016	60.000.000 lei	1,42% per year



Appendix 3 – Appointment/revocation documents in 2015

On 29 April 2015, based on the Decision of the General Assembly of Shareholders no. 1 / 29 April 2016, it was elected Mr. Stanescu Nicolae – Bogdan-Codrut as a member of the Board of Directors, therefore, from the date of this Decision, the mandate of provisory manager Ioana Alina Dragan ceased. The term of the mandate of Mr. Stanescu Nicolae – Bogdan-Codrut will be until 25 April 2017.



Appendix 4 – List of head offices

SN Nuclearelectrica SA has its head office 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) All the companies and entities (institutes, authorities, etc) with major state owned capital with whom SNN has commercial relations.



Appendix 8 – List of ongoing litigations at 31.12.2015

No.	File no.	Litigation type/ Court of law	SNN's Capacity	Parties	Value	Status	Description	Hearing
SNNExecutiv								
1	3868/118/2012	Civilian Constanta Court	Creditor	S.C. PROCONEX UNIVERSALS.RL.	Receivable: 3,369,886.85 lei	Merits on the case	The company is in bankruptcy	11.04.2016
2	27406/3/2012	Civilian High Court of Cassation and Justice	Plaintiff Creditor	SC Tinmar IndS.A.	Delay penalties, transportation tariff (TG) and legal interest admitted: 1,286,326.78 lei and 18,345.23 lei as courtcosts.	Retrial to Bucharest Court of Appeal	Merits on the case: 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: 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: admits the appeal, quashes the decision of the Court of Appeal and sends the file to Bucharest Court of Appeal for retrial.	The retrial will be established.

3	2183/115/2010	Civilian Caraş-Severin Court	Creditor	CET Energoterm Reşişa SA	Receivable 580,974.21 lei 	Merits on the case	The company is in bankruptcy	07.04.2016
4	3260/118/2007	Civilian Constanţa Court	Creditor	Hidrocora SRL	Receivable 6,641.91 lei	Merits on the case	The company is in bankruptcy	18.04.2016

5	48031/299/2010	Court of Law Sector 1 Bucharest	Civil party	Rotaru Ioan, ispas Gh., Irimie Traian civil responsible party TESS	<p>Corruption offenses and abuse of office</p> <p>The court sentenced them to the payment of a detriment of 13,453,181.19 lei, compound by</p> <ul style="list-style-type: none"> - 7,481,329.701 lei civilian compensation (damage to property associated with Contract TD-R 111 No. 99/07.01.2005) - 2,886,718.2813 lei civilian compensation (damage to property associated with Contract TD-R – 074 No. 145/19.09.2003) - 651,732.9796 lei civilian compensation (damage to property associated with Contract TD-RI – 036 No. 904/15.10.2003) 	Merits on the case	<p>Merits on the case: Sentences Rotaru Ioan to 6 years in prison, Ispas Gh. To 6 years in prison, Anghele Andrei to 4.6 years in prison for “abuse of office with extremely severe consequences in continued form, offence provided for in Art. 13, Index 2, Law No. 78/2000.</p> <p>Sentences Prisecaru Tereza to 5 years in prison, Nemțanu Răducu to 5 years in prison, for complicity in “abuse of office” with extremely severe consequences in continued form, in accordance with Article 48, Criminal Code, with respect to Article 13, index 2, Law No. 78/2000.</p> <p>Pursuant to Article 397 of CPP and Art. 998-999 of Civil Code, partially admits the civil lawsuit expressed by the civil party SNN. It holds jointly and severally liable the accused ROTARU IOAN, IRIMIE TRAIAN CEZAR, PRISECARUTEREZA si NEMTANU RADUCU, with the last two jointly and severally with the civil responsible party SC TESS CONEX SA, to pay to the civil party SNN the sum of 13,453,181.19 lei. Pursuant to Article 404 – paragraph (4), letter c) of Criminal Procedure Code, maintains the measure of distraint upon property constituted on the movable and immovable goods of the defendant Prisecaru Tereza and of the civil responsible party SC TESS CONEX SA, to the limit of the amount of 13,453,181.1819 lei. Pursuant to Art. 397, paragraph (2), with respect to Art. 249, paragraph (1), (2), (5), and (6) of Criminal Procedure Code, it orders the measure of distraint upon property constituted on the movable and immovable goods of the defendants. It orders addresses to be send to Office for Cadaster and Land Registration – the competent territorial structures within the residence of each of the defendants, city hall in the residence space of the defendants, to NAFA – Public Finance Administration with competence depending on the residence for the achievement of the</p>	The date of the appeal will be established.
							119/162	



6	8244/299/2014	Civilian Court of Law Sector 1	Plaintiff	Transelectrica	40,494.41 lei	Merits on the case	Merits on the case: The action is dismissed as devoid of any legal basis. It takes note that the defendant has not requested court costs. With the right of appeal within 30 days from the communication, which shall be lodged with the Court of Law Sector 1.	The appeal will follow
7	9089/101/2013	Civilian Mehedinti Court	Creditor	RAAN	Insolvency Receivable 7,828,405.48 lei	Merits on the case	By the civil sentence No. 10/01.28.2016, the Court provided that the bankruptcy procedure of the debtor RAAN should start and named as a provisional liquidator EURO Insol SPRL.	04.07.2016

8	7238/120/2012 și 7238/120/2012	Civilian Dâmbovița Court	Creditor	Eco Energy	Receivable 2,464,059.64 lei	Merits on the case	The company is in bankruptcy	04.04.2016
9	25195/299/2014	Civilian Court of Law Sector1 TB	Plaintiff	Enol Grup SA	121,369.03 lei	Merits on the case	SNN claimed the legal penalty interests for cancellation compensation of the purchase and sale contract with Enol Grup SA. Merits on the case: It admits the exception of material incompetence of Court of Law Sector1, invoked by the court of its own motion. Declines to have competence in	Next hearing to be decided by the Court of Bucharest.
10	10822/256/2014	Civilian Medgidia Court	Plaintiff	Cernavodă City and the Mayor of Cernavodă City	Court costs 6200 lei	Merits on the case	Merits on the case: The Court admits SNN's application. Decision 903/06.29.2015	
11	20322/3/2014	Civilian Bucharest Court	Creditor	Ennet Grup SA	Admitted receivable 260,836.81 lei	Merits on the case	The company is in bankruptcy	05.23.2016

12	40694/299/2015	Civilian Bucharest Court	Plaintiff	Repower Furnizare Romania SRL	Penalties and remunerative interest 320,377.75 lei	Merits on the case	SNN requested penalties of delay and remunerative interest for payment delay of the instalments resulted from the cancellation of the purchase and sale contract for electrical power.	03.28.2016
13	3793/2/2013	Administrative High Court of Cassation and Justice	Respondent	Greenpeace CEE Romania	6.315 lei	Annulment of the decision of issuing the environmental agreement regarding U 3-4 Project	Appeal Merits on the case: It admits the exception of lack of object for the second head of claim, initially formulated (Annulment of the environmental agreement regarding the project "Continuance of the building and completion works of U3/4"). Appeal: It rejects the second head of claim of the initially formulated application regarding the project "Continuance of the building and completion works of Units 3/4 of Nuclear Power Plant Cernavodă" as lacking the object. The application is denied, as it has been filled through	Next hearing to be decided by the Court.
14	873/1259/2008	Civilian Argeş Court	Creditor	Termoficare 2000 SA	Receivable 2,713,986.71 lei	Merits on the case	The company is in bankruptcy	05/31/2016
15	18770/3/2007	Civilian Bucharest Court	Creditor	Condem SA	Receivable 2,466,227.08 lei	Merits on the case	The company is in bankruptcy	04/13/2016

16	11661/3/2014 11661/3/2014 *	Civilian Court of Appeal Bucharest Bucharest Court - retrial	Respondent	SC Fondul ProprietateaSA	Rendition of the absolute nullity of AGEAS SNN Decision No. 1/11.03.2014	Appeal Merits of the case Retrial	Merits of the case: Court of Bucharest rejected the application of Fondul Proprietatea, admitting the exception of the lack of interest regarding the object of the application. Appeal: It admits the appeal. It annuls the appealed sentence and sends the case for retrial to the same court. Definitive judgment. Decision No. 1186/12.08.2014 Retrial, merits of the case: The Court orders the stay of the proceedings based on the fact that Court of Bucharest and the Court of Appeal Craiova requested from Court of Justice of European Union explanations regarding the possibility of State support regarding the projects which are object of AGEA SNN Decision No. 1/03.11.2014.	Suspended
17	416/2/2014	Administrative court of Appeal Bucharest ICCJ	Plaintiff	National Energy Regulator Authority	Alteration of the rate regulated by Decision No. 3609/2013	Merits of the case	Merits of the case: On 10/14/2014, the Court rejected SNN's application as ungrounded. Decision 2723/10.14.2014	Next hearing to be decided by the Court.
18	40046/3/2014	Civilian Buchares t Tribunal	Plaintiff	Fondul Proprietatea	Rendition of the absolute nullity of AGEA SNN Decision No. 8/06.10.2014	Merits of the case	Rendition of the absolute nullity of AGEA SNN Decision No. 8/06.10.2014; increase in capital stock in cash, by the issue of equities and reference to the Order of the Court at Trade Registry and cancellation from the Registry of the items based on the annulled AGEA decision.	04/18/2016



19	38724/3/2014**	Administrative Bucharest Court Department II Administrative Law	Seized Third Party	Romanian State through MFP	Appeal to enforcement and annulment of all documentation of writ of execution in Enforcement File 22/2014, creditors: Multipack, European Food, Starmill, Micula Ioan	Merits on thecase	Merits on the case: Pursuant to Article 413(1), point 1, NCPC suspends the judgment until the definite settlement of File No. 15755/3/2014. With appeal during the suspension.	Suspended
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20	3706/302/2015	Civilian Court of Law Sector5	Contestant Seized Third Party	Parati Multipack, European Food, Starmill, Micula Ioan	Appeal to enforcement and annulment of the measure of instituting the seizure	Merits on thecase	Merits on thecase: Admits the exception of inadmissibility. With appeal within 10 days from communication. Decision 5296/07.07.2015.	
21	13275/3/2015	Civilian Bucharest Court	Defendant	Hidroelectrica SA	40,812,717 lei	Merits on the case	The claimant requested the difference of consideration in purchasing power in the insuring contract and selling power and the legal interest Merits on thecase: The Court admits the exception of material right to action prescription. With appeal within 10 days from communication. Decision 6860/12.07.2015.	
22	62136/299/2015	Civilian Court of Law Sector1 BucharestCour rt	Plaintiff	National Authority for Regulating and Monitoring of Public Procurement (ANRMAP)	Complaint: Record of contravention fine	Merits on the case	Merits on the case: the Court rejects the contraventional complaint as ungrounded. Maintains the record of findings and (subsequent) penaltiespertaining tocontraventions No. 924/05.13.2015, issued by the defendant. With appeal within 30 days from communication. Decision No. 15826/09.15.2015.	Next hearing to be decided by the Court.

23	21040/299/2014	Court of Law Sector I	Contestant	National Authority for Regulating and Monitoring of Public Procurement	Complaint: Record of contravention fine 15,000 lei	Merits on the case	Merits on the case: the Court rejects the contraventional complaint as ungrounded. With appeal within 30 days from communication. Decision No. 16285/10.03.2014. Appeal: The Court reserved judgment on the case for the date of 03/22/2016.	
24	5266/3/2016	Bucharest Court Section 8	Defendant	Marcuta Mihai	- net payments relating to salaries starting with 02/16/2015, up-to-date - the provision of social contributions (employer and employee) for the net salaries owed by the company starting with 02/16/2015, up-to-date; - order the company to receive the plaintiff at his	Merits on the case		
25	26063/3/2015	Administrative Bucharest Court	Plaintiff	The Court of Auditors Settlement Senate Argeş	Cancellation - CC Decision 9/03.23.2015 - resolution CC 38/06.19.2015 - Control Report 341/27/2015 at FCN Piteşti	Merits on the case	Merits on the case: The Court rejects the exception of inadmissibility of the head of claim regarding the cancellation of the Control Report No. 341/27/2015, as ungrounded. The Court rejects the case as ungrounded. With appeal within 15 days from communication, which shall be submitted, if formulated, with Bucharest Court. Decision 1297/02.29.2016.	02.02.2015



26	26062/3/2015	Administrative Argeş Court	Plaintiff	The Court of Auditors Settlement Senate Argeş	Cancellation - CC Decision 9/03.23.2015 - resolution CC 38/06.19.2015 - Control Report 341/27/2015 at FCN Piteşti	Merits on the case	Merits on the case: The Court admits SNN's application. It orders the suspension of the enforcing of the Decision No. 9/03.23.2015 until the definite settlement of the case on the merits. With appeal within 5 days from communication. Decision No. 90/02.01.2016	16.01.2015
27	3490/121/2015	Civilian Galaţi Court	Plaintiff	ArcelorMittal Galati S.A.	8,575,245.78 lei	Merits on the case	SNN requested the difference in consideration for the selling of redundant energy and other associated costs. In the regularization proceedings, the court admitted the application of re-examination of stamp duty formulated by SNN and, as a consequence, exempted SNN from paying the stamp duty of 3,379,291.80 lei. Definitive Resolution.	Next hearing to be decided by the Court.



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28	4960/2/2015	Administrative Court of Appeal Bucharest High Court of Cassation and Justice	Plaintiff	The Court of Auditors	Cancellation of stay in enforcement of the measure POLIȚE DE ASIGURARE D&O	Merits on the case	Merits of the case: Partially admits the application. Under Article 15 of Law No. 554/2004, the Court cancels the stay of enforcement for point II.12 of the apparatus of Decision No. 16/05.11.2015, issued by the Court of Auditors of Romania, Department IV, until the definitive resolution of the on the merits case registered in case No. 4912/2/2015. Enforceable. The Court rejects as inadmissible the application of Cancellation of stay in enforcement for point 10 in Conclusion No. 59/07.17.2015, and point 3.1.10 of Control report No. 4371/04.10.2015, issued by the Romanian Court of Auditors. With appeal within 5 days from communication, which may be submitted to Court of Appeal Bucharest. Decision No. 2608/10.15.2015.	Next hearing to be decided by the Court.
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31.	4968/2/2015	Administrative Bucharest Court of Appeal	Claimant	Court of Accounts	measure execution suspension contributions LEGAL COUNSELORS	On the case	On the case: Partially admits the action. Disposes the partial execution suspension of the Resolution no. 16/2015, namely the measure disposed at pct. II.11, as well as the Conclusion no. 59/2015- pct. 9, until the final solving of the action in annulment of pct. II.11 from the Decision no. 16/2015 and pct. 9 from the Conclusion no. 59/2015. Overrules the suspension petition of the control report no. 4371/2015- pct. 3.1.9- as inadmissible. With recourse right in 5 days from the communication. Resolution 2684/ 20.10.2015	
32.	4969/2/2015	Administrative Bucharest Court of Appeal	Claimant	Court of Accounts	measure execution suspension MICROSOFT	on the case	On the case : Overrules the suspension petition of pct. 3.1.11 of the control report no. 4371/10.04.2015 issued by the Romanian Court of Accounts, as inadmissible. Partially admits the suspension petition. Suspends the execution of point 11 of the Conclusion no. 59/17.07.2015 and of pct. II.13 of the Resolution no. 16/11.05.2015 issued by the Romanian Court of Accounts until the final solving of the action on the case. Binding. With recourse right in term of 5 days from the communication. Resolution 2956/2015 11.11.2015	
33.	4970/2/2015	Administrative Bucharest Court of Appeal	Claimant	Court of Accounts	measure execution suspension NON-RESIDENTS	on the case	On the case : Partially admits the petition. Brief solution: Partially admits the petition. Disposes the partial suspension of the Resolution no. 16/11.05.2015 regarding point II.8, respectively the Conclusion no. 59/17.07.2015 regarding point 6, until the final solving of the action in annulment. Rejects as inadmissible the suspension petition of point 3.1.3 of the Control Report no. 4371- 10.04.2015. With recourse right in term of 5 days from the communication. Resolution 2503/ 07.10.2015	
34.	4971/2/2015	Administrative Appeal Court	Claimant	Court of Accounts	measure execution suspension contract	on the case	On the case: Overrules the action as not funded. With recourse in 5 days	The instance will establish a term.



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		Bucharest High Court of Cassation and Justice			development GENERAL CONCRETE		from the communication. Resolution 2773/ 28.10.2015	
35.	1532/1/2015	Penal High Court of Cassation and Justice	SNN civil party Gala Bute MINISTRY OF REGIONAL DEVELOPMENT ANAFANTANA F SNTGN TRANSGAZ SA OIL TERMINAL SA CEOLTENIA SA SN APELE MINERALE SA SNGN ROMGAZ SASPEEH HIDROELECTRICA SA SC IAR SA CNTEE TRANSELECTRICA SA	Defendants: UDREA ELENA GABRIELA OBREJA RUDEL BREAZU LIBERIU TUDOR LUNGU STEFAN NASTASIA GHEORGHE TOPOLICEAN U ANA MARIA BOTOROAGA DRAGOS MARIUS ARITON ION	Bribery -art.289 NCP 125.000 lei	On the case		22.04.2016
36.	4959/2/2015	Administrative Bucharest Court of Appeal	Claimant	Court of Accounts	Measurement annulment TRIPS	on the case		18.03.2016
37.	4902/2/2015	Administrative Bucharest Court of Appeal	Claimant	Court of Accounts	Measurement annulment CONTRIBUTIONS and INCREASES	on the case	On the case: Admits the main petition and the connected petition, regarding the points 1 and 2. Partially annuls the Conclusion no. 59/17.07.2015 and the Decision no.16/11.05.2015, regarding pct. 9 and pct. 8 from the conclusion, respectively the measures from pct. II.11 and II.10 from the resolution. Overrules as inadmissible pct. 3 from both petitions, regarding the partial annulment of the control report no. 4371/10.04.2015. With recourse in 15 days from the	



							communication. Final. Resolution 3419/17.12.2015	
38.	4906/2/2015	Administrative Bucharest Court of Appeal	Claimant	Court of Accounts	Measure annulment PURCHASING	on the case	On the case : Based on art. 413 alin. 1 pct. 1 Cpc suspends the judgment of the present cause until the final solving of the file no. 62136/299/2015 of Bucharest Court of Law Sector 1. With recourse for the entire suspension duration. Conclusion – Suspension from 18.01.2016	
39.	4912/2/2015	Administrative Bucharest Court of Appeal	Claimant	Court of Accounts	Measure annulment POLICIES D&O	on the case	On the case : Admits the petition Brief solution: Overrules the inadmissibility solution of the partial annulment petition of the control report no.4371/10.07.2015. Admits the action. Partially annuls the Conclusion no.59/17.07.2015, issued by the defendant regarding pct.10, Decision no.16/11.05.2015 issued by the defendant regarding the measure disposed at pct.II.12 from the resolution, as well as pct.3.1.10 from the Control Report no. 4371/10.04.2015 issued by the defendant. With recourse in 15 days from the communication. Resolution 173/2016 26.01.2016	
40.	4946/2/2015	Administrative Bucharest Court of Appeal	Claimant	Court of Accounts	Measure annulment GENERAL CONCRETE	on the case		18.03.2016
41.	4964/2/2015	Administrative Bucharest Court of Appeal	Claimant	Court of Accounts	Measure annulment COURT OF LAW RESOLUTIONS	on the case	On the case: Admits the inadmissibility exception of the petition head regarding the annulment of the point 3.1.7 from the Control Report no. 4371/10.04.2015 claimed by the claimant. Overrules as inadmissible the petition head regarding the annulment of point 3.1.7 from the Control Report no.4371/10.04.2015. Overrules as not funded the connected actions. With recourse in term of 15 days from the communication. Resolution 373/09.02.2016	



42.	4965/2/2015	Administrative Bucharest Court of Appeal	Claimant	Court of Accounts	Measure annulment MICROSOFT	on the case	On the case: Admits the petition regarding the points 1 and 2. Partially annuls the conclusion no. 59/17.07.2015 and the decision no. 16/11.05.2015, regarding pct. 11 from the conclusion, respectively the measure from pct. II.13 of the resolution. Overrules as inadmissible pct. 3, regarding the partial annulment of the control report no. 4371/10.04.2015. With recourse in 15 days from the communication. Resolution 236/ 28.01.2016	
43.	4958/2/2015	Administrative Bucharest Court of Appeal	Claimant	Court of Accounts	Measure annulment NON- RESIDENTS	On the case	On the case: Admits the action. Partially annuls the conclusion no. 59/17.07.2015, respectively regarding the rejection of pct. VI from the litigation no.6420/28.05.2015 and, consequently, annuls the measure taken at pct. II.8 from the decision no. 6/11.05.2015 for removing the error presented at pct. 3 from the same resolution, as well as pct. 3.1.3 from the Control Report no. 4371/10.04.2005. With recourse in 15 days from the communication. Pronounced in public hearing, today, March 10th 2016	
44.	544/109/2015	Civil Arges Court of Law	Defendant	Goga Gheorghe	Patents, inventions rights 101.727.813lei +33.909.271lei	On the case	Renounces to the petition against SNN (without a written conclusion)	
45.	45487/3/2015	TB S VIII-a occupation	Claimant	Havris Alex Negulici Elena Nicolescu Corina Dina Dumitru Popescu Dragos Ionescu Elena Dinca Suzana Georgescu Magda Nazarevsky	prejudice 708.407 lei occupation litigation execution of measure disposed of CC through the report 2012 regarding D&O policies	on the case		12.04.2016

				Cristina				
46.	45494/3/2015	TB S VIII-a occupation	Claimant	Serbanescu Cristian Chiriac Cristina Popescu Ioana Grama Mioara Chirica Teodor Budulan Pompiliu	prejudice 708.407 lei execution of measure disposed of CC through the report 2012 regarding D&O policies	on the case		14.04.2016
47.	2539/105/2015	Prahova Court of Law	Defendants: SNN Electrica	Pana Dumitru	Observation work under special conditions, framing intro group I or II, certificate issuing	On the case		30.03.2016
48.	1367/2/2016	Bucharest Court of Appeal S a VIII-a cont adm	Claimant	ANAF General Direction for Contestations Solving General Administration DirectionOf the Great Contributors	Annulment document Administrative Decision 25/29.01.2016			The instance will establish a term.
49.	409/2/2016 a1	Bucharest Court of Appeal	Damaged party	Tudor Ion Infraction groupBanat Insolvency House	Infractions, fiscal evasions, forgery, bribery	On the case, preliminary chamber	On the case: Based on art. 207 alin. 4 penal procedure code,maintains the preventive arrest measure of the defendants Tudor I. Ion, Oancea Calin Nicolae and Maldea Nicusor and the house arrest measureof the defendants Berar Loredana Ioana and Tudor M. Ion for a period of 30 days.Overrules as not funded, the petition for replacing the preventive arrest measurewith the judiciary control preventive measure, formulated by the defendant Oancea Calin Nicolae. Overrules, as not funded, the petition for replacing the preventive arrest measure with he house arrest preventive measure or with the judiciary control measure, formulated by the defendant Tudor I. Ion. Overrules, as not funded, the petition for replacing the preventive arrest measure withan easier preventive measure, formulated by the defendant Maldea Nicusor. Overrules the petitions of the defendants Tudor M. Ion and Berar	14.03.2016

							Loredana Ioana for replacing the house arrest measure with the judiciary control measure. The judiciary expenses are remaining to the state. The fee for the office lawyer of the defendant Oancea Calin Nicolae will be advanced from the Ministry of Justice Fund. With contestation right. Pronounced in the council chamber, today, 21.01.2016.	
50.	1627/2/2016	Bucharest Court of Appeal	Claimant	SC Gemini Trade DDD SRL	Litigation regarding the purchasing	recourse		The instance will establish a term.
51.	12369/299/2016	Civil: Court of Law of District 1	Claimant	OET Obedineni Energiinji Targovtsi OOD	Claims: 5.551,49 lei	Merits of the case		The instance will establish a term.
52.	1794/118/2016	Criminal: Court of Law of Constanta	Civil party	Bucur Ionel Negulici Elena Olteanu Madalina Encica Ionel Nicola Laurentiu Daramus Victor Davy Security SRL civil responsible party through judicial administratori	Abuse of power, conflict of interest Prejudice: 3.471.463 Euro	Merits of the case		The instance will establish a term.
Nr.	File number	Litigation nature / Court	SNN quality	Adverse party	Value	Stage	Description	Term
	NEC Cernavoda Branch							
1.	10948/118/2008	Civil/Constanta Court of Law	Creditor	Detacan SA	receivable 41.185,28 lei	On the case	The company is being bankrupt.	9.05.2016
2.	3689/118/2009	Civil/Constanta Court of Law	Creditor	CLS SA	receivable 14.872,81 lei	On the case	The company is being bankrupt.	18.04.2016
3.	6034/118/2012	Civil/Constanta Court of Law	Creditor	Katon Nuclear SA	receivable 77.349 lei	On the case	The company is being bankrupt.	08.04.2016
4.	10673/118/2010	Civil/Constanta Court of Law	Defendant	Sava Marian	compensations	On the case	Eviction of the land afferent to the heat pipelines and payment of compensations	In pronounciation
5.	14951/118/2011 (suspended)	Civil/ Medgidia Court of	Claimant	Car Construct SRL	Land release, property of SNN SA – concrete	On the case	According to art. 36 of the Law no. 85/2006 (Insolvency Law): there has	Suspended

	based on art. 36 from the Law 85/2006)	law			platform occupied by SC CAR CONSTRUCT Based on the sale-purchase contract concluded with SC CNE SA -		been suspended the judgment cause.	
6.	11481/212/2006	Civil/Constanta Court of Law	Claimant	Iosif Stelian Ilie	Iosif family eviction petition, from the office residence, Constanta, building BI3, ap. 15	Appeal	On the case: the petition of SNN was admitted. Appeal: overrules as not funded. With recourse.	
7.	4869/256/2014	Civil/Constanta Court of Law	Claimant	SC CNE SA	Petition of land eviction, with the surface of 579 sqm, property of SNN	Appeal	On the case : the petition of SNN was admitted. The appeal was overruled as not funded. Resolution 901/12.11.2015	
8.	6813/256/2014	Civil/ Medgidia Court of law	Claimant	Ichim Victor	Claims –4.268,99 lei : utilities and rent for the period January 2013-May 2014	On the case	On the case: The court admitted the judged element authority exception.	The instance will establish a term.
9.	6814/256/2014	Civil/Constanta Court of Law	Claimant	Purcareata Ionel	Claims –7.360,81 lei representing utilities and rent for the period January 2013-February 2014	Appeal	On the case : the petition was partially admitted.	The instance will establish a term.
10.	3677/118/2014	Civil/ Constanta Appeal Court	Defendant	Tarcatu Aurel, Smira Mircea, Galbinasu Nicolae, etc.	Occupation litigation – granting group I for the period 1987-1995	Appeal	On the case : overrules the action as not funded Appeal: Based on art. 520 alin. 4 C. pr. civ., suspends the judgment until solving the notification for pronouncing a previous resolution that makes the object of the file no. 4324/1/2015 of the High Court of Cassation and Justice. With recourse, this is submitted to Constanta Appeal Court, for the entire suspension duration. Conclusion – Suspension from 26.01.2016.	suspended
11.	4073/118/2014	Civil/Constanta Court of Law	Defendant	Tarcatu Aurel, Smira Mircea, Galbinasu Nicolae, etc.	Occupation litigation – granting of special work conditions for the period 2001-present	On the case	On the case : Overrules as not funded the judgment petition formulated by the claimants Galbinasu Nicolae, Stefan Jeana, Tudor Marian, Tarcatu Aurel, Mustatea Stefan, Rusu Vasilica, Turcoiu Ioan, Nita Vasile, Grigoriu Alexandru, Bivolaru Costel, Dobre Nicolae, Chelba Vasile, Smira Mircea, in contradiction with the defendant Societatea Nationala Nuclearelectrica SA, NEC Cernavoda Branch. With appeal right in term of 10 days from the communication.	



							Resolution 467/07.03.2016.	
12.	1455/256/2015	Civil/ Medgidia Court of Law	Claimant	SC Argos SA	receivables 8.680 lei representing the rent amount for the ship GABARA of 1000 tons	On the case	Payment ordinance On the case: Admits the petition of the creditor S.N.N. – NEC Cernavoda Branch, formulated in contradiction with the debtor S.C. ARGOS S.A. Orders the debtor to pay the creditor the amount of 8.680 lei, representing the rent value affert to the months July and August, based on the lease contract no. 19701/2006. The payment will be made in term of 30 days from the communication. Rightfully binding. Forces the debtor to pay the creditor the amount of 200 lei as court expenses, representing the judiciary stamp fee. With the petition in annulment right in term of 10 days from the communication. Resolution from 11.03.2016	
13.	5652/256/2015	Civil/ Medgidia Court of Law	Defendant	Enescu Maria	Enforcement contestation – compensations value recovery -22.019 lei and court expenses	On the case	On the case: admits the contestation and annuls the enforcement. Resolution 1823/07.12.2015.	
14.	4612/118/2015	Civil/Constanta Court of Law	Defendant	Draghici Radu Valeriu	Occupation litigation –our obligation to issue a certificate with the incomes obtained in the periods 18.03.1985-01.06.1994 and 01.05.1995 -2001	On the case	On the case: Overrules as not funded the judgment petition formulated by the claimant DRAGHICI RADU VALERIU in contradiction with the defendants SOCIETATEA NATIONALA NUCLEARELECTRICA SA and SUCURSALA CNE CERNAVODA. With appeal in term of 10 days from the communication. Resolution 500/ 10.03.2016.	
15.	6403/118/2015	Civil/Constanta Court of Law	Defendant	Guz Nicu	Contestation for disciplinary annulment of CIM	On the case		14.03.2016
16.	7772/118/2015	Civil/Constanta Court of Law	Defendant	Draghici Radu Valeriu	Granting the value of electric power share according to HG 1041/2003	On the case		14.03.2016



Appendix 9 – The status of compliance with the provisions of the Corporate Governance Code issued by the Bucharest Stock Exchange

	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 Board of Directors which includes terms of reference/ responsibilities for Board and key management functions of the company, applying, among others, the General Principles in Section A.	SNN has an Internal Regulation of the Board of Directors and a Corporate Governance regulation which contain the terms of reference, the responsibilities of the executive management, of the Board and of the GMS and the key management functions in the company as well as the responsibilities of the Advisory Committees of the Board 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 Board. In any case, the members of the Board must notify the Board 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 Board 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 Board, 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 Board 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 Board.
A3	The Board of Directors or the Supervisory Board must be made up of at least 5 members.	SNN's Board of Directors 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>	<p>The majority of the members of the Board of Directors must be non-executive. At least one member of the Board of Directors or of the Supervisory Board 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 Board members have to be independent. Each independent member of the Board of Directors or of the Supervisory Board 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 Board member is asserted.</p>	<p>SNN is a company in the Premium category with 4 non-executive Board 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 Board members in 25.04.2013, respectively on 23.12.2013 by approval of the GMS, and, at the current date, their position of Board member held in the previous year does not affect their objectivity.</p> <p>The Annual Report presents in the “Declaration of Corporate Governance” section information regarding the statute of independent and executive/non-executive BoD member.</p> <p>As well, such information is published on the company’s website.</p>			
<p>A5</p>	<p>Other engagements and professional obligations of the Board members, including executive or non-executive positions in the Boards 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.</p>	<p>The Annual Report presents in the “Declaration of Corporate Governance” section information regarding other engagements and professional obligations of the BoD members, including executive and non-executive positions within the BoD of other companies.</p> <p>The information is also available on SNN website, in the Investors Relations/Corporate Governance/Board of Directors section.</p>			



A6	<p>Each Board member must disclose before the Board 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 Board.</p>		<p>The provision is not provided in the terms of reference of SNN's Board of Directors.</p>	<p>This information was verified by analysing the candidacies, the respective relationship having no influence on the independency of the Board members and on the objectiveness of their decisions. This provision will be included in the Internal regulation of the Board.</p>	<p>SNN will issue a current report regarding the compliance with this provision after the inclusion of A6 in the terms of reference of the Board of Directors.</p>
A7	<p>The Company must appoint a secretary of the Board responsible for supporting the activities of the Board of Directors.</p>	<p>The name of the BoD Secretary is published in the 2015 Annual Report in the "Declaration of Corporate Governance" section.</p>			<p>SNN will issue a current report regarding the compliance with this provision after the inclusion of the name of the Board secretary in the Annual report for 2015.</p>
A8	<p>The corporate governance statement will mention whether an evaluation of the Board 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 Board comprising the purpose, the criteria and the frequency of the evaluation process.</p>	<p>The activity of the Board 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 Board.</p>	<p>The Company does not have a policy/guide for the evaluation of the activity of the Board of Directors, the evaluation being performed, as mentioned, based on the established performance criteria.</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 Board and of the Committees of the Board.</p>



A9	<p>The statement regarding the corporate governance must contain information regarding the number of meetings of the Board and its Committees during the previous year, the participation of the administrators (in person or in absence) and a report of the Board of Directors and of the Committees regarding their activities.</p>	<p>The 2015 Annual Report includes information regarding the number of BoD meetings in 2015 and the presence of the administrators in the “Declaration of Corporate Governance” section. The reports of the Committees established at the level of the BoD are included in the 2015 Annual Report as well.</p>			
A10	<p>The corporate governance statement must include information regarding the exact number of independent members from the Board of Directors or from the Supervisory Board.</p>	<p>The 2015 Annual Report presents the exact number of independent members in the “Declaration of Corporate Governance” section.</p>			
A11	<p>The Board of Directors 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 Board members and will make recommendations to the Board. The majority of the members of the nomination committee must be independent.</p>	<p>The componence 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 Board members and that it will make recommendations to the Board.</p>	<p>This procedure is included in the Regulation of the Nomination and Remuneration Committee. The members of the committee are non-executive.</p>			

<p>B1</p>	<p>The Board 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. The majority of the members of the Audit Committee is independent.</p>			
<p>B2</p>	<p>The President of the audit committee must be an independent non-executive member.</p>	<p>The President of the Audit Committee is an independent, non-executive member, the President being Ms. Carmen Radu. The information is included in the 2015 Annual Report.</p>			
<p>B3</p>	<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. Information regarding the annual assessment of the internal control system is presented in the Report of the Audit Committee within the “Declaration of 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 Board of Directors.</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 Board of Directors.</p>	<p>The Annual report contains information on the control and evaluation activity performed by the Audit Committee (the number of internal audit missions, the themes, the number of meetings of the Audit Committee, information regarding the discussed issues, information regarding risk management, ways to solve the identified issues), as per the provisions of the Regulations of the Audit Committee.</p>			



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<p>B5</p>	<p>The Audit Committee must evaluate the conflict of interests related to the transactions of the company and its subsidiaries with affiliated parties.</p>	<p>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. In 2015, the Audit Committee assessed the transactions of the company and concluded that there were no instances of conflict of interests, fact which is mentioned in the 2015 Annual Report.</p>	<p>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.</p>	<p>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.</p>	<p>SNN will issue a current report of compliance with the provision after its inclusion in the terms of reference of the Audit Committee.</p>
	<p>Information regarding the number and value of the transactions with affiliated parties.</p>	<p>The annual report contains in Appendix 7 the list of transactions with affiliated parties from the respective year.</p>			
<p>B6</p>	<p>The Audit Committee must evaluate the efficiency of the internal control system and of the risk management system.</p>	<p>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 is included in the Annual report.</p>			
<p>B7</p>	<p>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.</p>	<p>The Regulations of the Audit Committee provide that the committee 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.</p>			

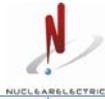
<p>B8</p>	<p>Every time the Code mentions reports or analysis initiated by the Audit Committee, they must be followed up by periodic reports (at least annual ones) or ad-hoc reports which must be submitted to the Board.</p>	<p>The annual report contains the list of documents prepared and verified by the Audit Committee which were submitted to the approval of the Board of Directors in the “Declaration of Corporate Governance” section.</p>			
<p>B9</p>	<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>
<p>B10</p>	<p>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.</p>	<p>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.</p>	<p>The BoD will include in the affiliated party transaction policy, currently in full elaboration process, the B10 provision.</p>		<p>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.</p>



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B11	<p>Internal audit must be done by a structurally separated division (Internal Audit Department) within the company or by hiring an independent third party.</p>	<p>SNN has its own Internal Audit Department.</p>			
	<p>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)</p>	<p>The annual report contains a section dedicated to the Audit Committee in the “Declaration of Corporate Governance” in which the audit activity at company level is presented and assessed.</p>			
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 is respected as stipulated by this provision. The Audit Department reports to the General Manager and the BoD.</p>			

<p>C1</p>	<p>The company must publish on its website the remuneration policy and 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.</p> <p>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.</p> <p>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 2015 year is part of the Annual Report.</p>			
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		No significant changes have occurred.			
D1	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:	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.			
D.1.1.	The main corporate regulations: Articles of Incorporation, the procedure regarding the GMS	All these materials are published bilingually on the company website.			
	BoD and Advisory Committees reference terms	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.			
	GMS regulations and procedures	All the information is published on the company website in the „Investor Relations/GMS related information” sections.			

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. The presentation of the BoD members both on the company's website and in the Annual Report includes the executive and non-executive positions and other professional engagements with other companies.</p>			
D.1.3	<p>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.</p>	<p>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.</p>			
D.1.4.	<p>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</p>	<p>The information is published on the company website, in the „Corporate Governance/GMS related information” sections.</p>			
D.1.5	<p>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</p>	<p>The information is published on the company website in the „Investor Relations/Dividends” sections.</p>			

	allow the investors to make investment decisions.				
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/Presentations” 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 pay out Policy will be subject to BoD and GMS approval on April 25, 2016 and subsequently published on the company’s website. Information regarding dividends pay out for the previous years is published on the company’s website, Investor Relations section. The distribution of the net profit for the previous years is also published on the company’s website in the Investors Relations/GMS related information section.			

D.3.	<p>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.</p>		<p>SNN is in full process of elaborating a policy on forecast. This policy will be published on the company website.</p>		<p>SNN will issue a current report of compliance with this provision following the elaboration and approval of the policy.</p>
D.4	<p>The GMS rules must not limit the participation of the shareholders in the GMS and the exercise of their rights.</p>	<p>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.</p>			
	<p>Any changes in the regulations will become effective starting with the next GMS.</p>	<p>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.</p>			
D.5.	<p>External auditors will be present in the GMS when their reports are presented.</p>	<p>For the GMS scheduled for April 25, 2016, the representatives of the company’s external auditor will be present for the presentation and approval of the 2015 Annual Report of the company.</p>			

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 key factors that influence changes in sales, operation profit, net profit and other relevant financial indicators from quarter to quarter and year to year.			



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<p>D.9</p>	<p>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.</p>	<p>SNN organized four teleconferences and a meeting with the analysts and investors, as per the Financial Calendar for 2015. As per the 2016 Financial Calendar, SNN will organize five meetings with the financial analysts and investors, out of each one is a face-to-face meeting.</p>			
<p>D.10.</p>	<p>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.</p>	<p>SNN published on its website the declaration of Social Corporate Responsibility based on which the company supports the development of the local community, cultural activities, talented youth, research and scientific activities. As well, the Annual Report includes information regarding the policy applied by SNN in the field of Social Corporate Responsibility.</p>			



Appendix 10 – The report of the Nomination and Remuneration Committee for 2015



**ENDORSED,
Board of Directors
President**

Alexandru Sandulescu

Annual Report of the Nomination and Remuneration Committee for 2015

I. Introduction

The Nomination and Remuneration Committee (hereinafter “CNR”) within the Board of Directors of National Company Nuclearelectrica S.A. (hereinafter “SNN”) was set up by the Board of Directors Decision no. 7/26.04.2013, as provided by art. 140² of Company Law no. 109/2011, republished, with subsequent amendments, and by art. 34 of Government Emergency Ordinance no. 109/2011 regarding the corporate governance of public companies (“GEO no. 109/2011”), corroborated with the provisions of art. 19, paragraph 2 from the updated Constitutive Deed of SNN. CNR is a permanent committee with consultative function, subordinated directly to SNN’s Board of Directors (hereinafter “BoD”), having as responsibility the evaluation, consultation and formulation of proposals related to the nominalization of BoD and company managers to whom management responsibilities are delegated to, as well as the responsibility for their remuneration according to the legal provisions in force. CNR conducts investigations and elaborated recommendations for the BoD regarding the remunerations of the administrators, managers and personnel or regarding the candidate nominalization for different management positions.

According to the provisions of art. 55 paragraph 2 and 3 from GEO no.109/2011, CNR has the obligation to present to the General Meeting of Shareholders an annual report regarding the remunerations and other advantages granted to the administrators and managers during the financial year.

II. Organization

CNR has 3 members designated from the non-executive memberd of the BoD, namely: Carmen Radu, Alexandru Alexe and Nicolae Bogdan Codrut Stanescu. The mandate of the members of the committee is valid for the period when they have the quality of non-executive administrators within the SNN BoD.

In order to properly fulfill their duties and for good organization, CNR issued and approved by Decision no 1/26.04.2013 its own Organization and Functioning Regulations, also approved by the BoD Decision no. 7/26.04.2013.

All the other consultative committees acted in the same way, issuing their own Organization and Functioning Regulations, subsequently approved by BoD. By Decision no. 30/13.03.2014, the SNN BoD approved a sole Organization and Functioning Regulation of Consultative Committees. The SNN BoD approved the componence of the Consultative Committees and named their secretaries by Decision no. 45/26.03.2014, subsequently amended by Decision no. 81/22.05.2015.

Decisions within CNR are made with simple majority of the participating members (or their representatives) and have, for the BoD, recommendation value, without being compulsory. Each member of CNR expresses a vote, namely “for”, “against” or “abstential”. For each CNR meeting, a resolution is issued containing at least the following: the recommendation of the BoD, the arguments that the recommendation is based on, expressed votes; the resolution is signed by the President and the secretary of the Committees.



CNR meets as frequent as necessary. When a position becomes vacant in CNR, a new member is appointed by the BoD. The BoD members who are revoked lose automatically their membership in the different committees.

At the proposal of the presidents or members of the Consultative Committees, the BoD can approve the co-optation of permanent external independent experts, natural or legal persons, specialized in the committees' field of competence, to assist the members in their activities. The BoD also establishes the remuneration of these experts, if the case.

III. CNR Meetings in 2015

During 2015, SNN's CNR held 2 meetings within they issued recommendations to SNN BoD regarding matters that fall under their competence, as follows:

- Change in art. 20 of Constitutive Deed of SNN, regarding the management delegation to BoD;
- Approval of the Note regarding the approval of the updated Annex 1 and 1.1 to Administrators Contract signed between the administrators and the company;
- Maintaining the current level of the administrators gross fixed allowance, according to art. 16 from the administration contract.

IV. Information according to the provisions of art. 55 par. 2 and 3 of GEO no. 109/2011

According to the provisions of art. 55 par. 2 and 3 of GEO no. 109/2011, has the obligation to present to General Meeting of Shareholders an annual report regarding the remuneration and other advantages granted to administrators and managers in the financial year. The CNR report contains at least the following information:

- (i) structure of remuneration, with explanations about the quota of fixed and variable allowances; the performance criterias that justify the variable allowance and the report between the performance and the remuneration;
- (ii) reasons that justify any annual bonus scheme or non-monetary advantages;
- (iii) potential pension schemes;
- (iv) information about the contract duration, negotiated notice period, damage quantum – interest to revoke without just cause.

(i) Structure of remuneration, with explanations about the quota of fixed and variable allowance

SNN administrators and managers receive, for the activity conducted, a monthly fixed allowance and a variable allowance. The variable allowance is payable depending on the degree of fulfillment of performance indicators and criteria established in the mandate/administration contracts, as taken from the administration/management plan. The fixed monthly allowance is limited according to the legal provisions, respectively GEO 109/2011. The fixed and variable allowances for BoD members is approved by SNN General Meeting of Shareholders.

The general limits of the managers remuneration (manager in the sense provided by art. 143 of Law no. 31/1990) are approved by General Meeting of Shareholders; based on these general limits, the BoD establishes the value of the managers remuneration.

The remuneration policy and criteria of administrator and managers are published on the company's internet page.

Remuneration of the non-executive administrators

The non-executive members of SNN BoD are entitled to receive a fixed monthly allowance and a variable allowance.

The gross fixed allowance of the members of BoD is limited to maximum one (1) average gross salary per activity field, respectively a gross monthly amount of 4,028 RON. By the Decision no. 1/29.04.2015, a new value for the monthly gross fixed allowance was established, respectively 4,023 RON, applicable from the date of the BoD Decision.

The gross fixed monthly allowance for non-executive BoD members varies depending to their participation to the activities of the Consultative Committees organized at the level of BoD, as follows:

- BoD President and BoD members that participate in at least 2 (two) consultative committees organized at BoD level are entitled to maximum gross fixed monthly legal allowance;
- BoD members that participate in at least 1 (one) consultative committee organized at BoD level are entitled to 90% of the maximum gross fixed legal allowance;
- BoD members that do not participate in any consultative committee organized at BoD level are entitled to 85% of the maximum gross fixed legal allowance.

The non-executive BoD members benefit of a variable allowance, which has two components:

1. The variable subcomponent 1 will have a maximum gross annual value equal to annual value of the gross average salary per energy field for the period this variable component is paid. The payment is done quarterly, based on the degrees of fulfillment of the performance indicators and criteria as established by the administration plan and contracts. Annually, the quarterly payments are adjusted based on the Annual Indicator of fulfilling the performance indicators and criteria.
2. The variable subcomponent 2 will have a maximum gross annual value of 0,4% applied to the difference between the actual realized profit and the estimated net profit for each financial year, but no larger than the value of the remuneration determined according to the administration contract. This subcomponent will also be granted based on the Annual Indicator of fulfilling the performance indicators and criteria.

As it concerns the monthly equivalent, the variable subcomponent 2 has a maximum gross monthly value equal to the gross fixed monthly allowance.

(ii) Underlying performance criteria for the variable component of the remuneration; ratio between performance achieved and remuneration

Non-executive Administrators

The variable component is determined depending on the fulfillment of the objectives, namely the achievement of the target level of performance indicators approved through the Management Plan and has two subcomponents. In order to grant the first subcomponent of the variable component, the level of fulfillment of performance indicators will be evaluated quarterly, taking into consideration the quota of each indicator and the variation in comparison with the target established. The sum corresponding to the first subcomponent is awarded in 4 (four) quarterly tranches, under the following conditions:

Thus, on the basis of the established indicators and their quota, a global IT quarterly indicator will be calculated after the following formula

$$I_{T, A} = \sum_{i=1}^n I_i \times W_i \quad \text{where} \quad \begin{array}{l} IT - \text{quarterly global indicator} \\ I_i - \text{Individual indicator (level of)} \end{array}$$



fulfillment - %)

Wi – weighing coefficient

IA – annual global indicator

The value of the quarterly tranche of the first variable subcomponent which will be granted to non-executive administrators is equal to the sum of monthly gross average salaries in the branch, communicated by the National Institute of Statistics for the respective period, thus the total annual value of the first subcomponent is equal to the total annual value of the monthly gross average salary in the branch.

If the quarterly global indicator IT is achieved 100% or over, for the period of the calculation, an amount equal to 100% of the first quarterly share of the first subcomponent of the variable component will be awarded. If the quarterly global indicator IT is achieved under 100%, for the period of the calculation, an amount equal to 75% of the quarterly share of the first subcomponent of the variable component will be awarded. If in total, at the end of the year, the annual global indicator IA is achieved 100% or above, the difference of retained shares of the variable subcomponent during the periods when the quarterly global indicator coefficient was under 100% is paid to the administrator.

According to the degree of fulfillment of the quarterly global indicator IT, mentioned in the Performance Reports for Management, the non-executive administrators were entitled to receive allowances representing the first subcomponent of the variable component as follows:

Quarter/ Year	Global Quarterly Indicator IT	Quantum of the first subcomponent of the variable component (lei, gross) *
Q. IV 2014	175,27%	13.308
Q. I 2015	103,55%	12.168
Q. II 2015	119,34%	13.128
Q. III 2015	127,41%	12.896
Total		51.500

*amount is paid pro rata in accordance to nominalization period as administrator

The second subcomponent of the variable component which will be awarded to the non executive administrators, is determined depending on the fulfilment of the objectives, namely, the achievement of the annual target level of the performance indicators, that is the degree of achievement of the global annual indicator IA and is established at 0,4% of the amount representing the difference between the achieved net profit and the estimated profit for the financial year, but not more than the fixed annual indemnity.



The awarding of the second subcomponent of the variable component to the non-executive administrators for 2014 was approved by the General Assembly Meeting resolution no. 3/29.04.2014. For each non-executive member of the BoD, the quantum of this subcomponent is determined based on the provisions of art. 16 of the Administration Contract concluded between them and the company.

For 2014, the quantum of the second subcomponent of the variable remuneration for the non-executive administrators is the following:

Administrator	Subcomponent 2 of the variable remuneration (lei, gross amounts)*)
Alexandru Sandulescu	48.336
Alexandru Alexe	48.336
Carmen Radu	48.336
Dan Popescu	48.336
Tcaciuc Sebastian Gabriel	46.524
Ioana Alina Dragan	6.848
Total	246.716

Executive administrators – The General Manager and the Manager of Cernavoda NPP Subsidiary („Directors”) and Chief Financial Officer of SNN

The variable component for the Directors is determined based on the achievement of the objectives, namely the fulfilment of target levels of the performance indicators approved in the management plan and has two subcomponents.

For the awarding of the first subcomponent of the variable component, the level of achievement of the performance criteria will be determined on a quarterly basis, taking into consideration the weight of each indicator and the variation in comparison with the established target level. The amount corresponding to the first subcomponent is awarded in 4 (four) quarterly shares, payable until the 26th of the first month of the quarter, for the previous quarter, in the provided conditions, as follows:

Thus, on the basis of the established indicators and their weight, a global quarterly performance indicator (It) will be calculated, after the following formula:

$$I_T = \sum_{i=1}^n I_i \times W_i$$

where

- IT – global quarterly indicator
- I_i – individual indicator (Level of achievement-%)
- W_i – Weighting coefficient
- I_A – Annual global indicator



The value of the quarterly share of the first subcomponent of the variable component which will be awarded to the General Manager is equal to 3 (three) fixed gross monthly indemnities, thus the total annual value of the first subcomponent is equal to 12 (twelve) fixed monthly gross indemnities. If the global quarterly IT indicator is achieved at 100% or above, for the period of the calculation, an amount equal to 100% of the first quarterly share will be awarded as the first subcomponent of the variable component. If the IT global quarterly indicator is achieved under 100%, for the period of the calculation, an amount equal to 75% of the quarterly share will be awarded as the first subcomponent of the variable component. If in total, at the end of the year, the annual global indicator AI is achieved at 100% or above, the difference of the retained shares of the variable subcomponent during the quarters when the global quarterly coefficient was under 100% is paid to the manager.

Throughout 2015, the directors of the company were entitled to receive the first subcomponent of the variable component corresponding to the IVth quarter of 2014, the quarterly global indicator IT being 139.72% for General Manager and Financial Manager and 150.32%, respectively – for the Manager of Cernavoda NPP Subsidiary, indicators approved through the BoD resolution 42/25.03.2015. According to the provisions of the Contracts of Mandate concluded between these and the company, the quantum of the first variable subcomponent for the IVth quarter 2014 is

- CEO – 72.450 lei gross
- Manager of CNE Cernavoda – 68.850 lei gross
- CFO – 61.584 lei gross.

The degree of accomplishment of performance indicators of the managers for the first, second and third quarter of 2015 is presented in the quarterly report, as follows:

	1st Quarter 2015	2nd Quarter of 2015	3rd quarter of 2015
CEO	104,68%	111,21%	111,43%
Manager of Cernavoda NPP Subsidiary	117,53%	129,72%	131,78%
CFO	104,68%	111,21%	111,43%
Degree of accomplishment approved by the Board of Directors	98/11.08.2015	98/11.08.2015	145/11.11.2015

Given the completion of the global quarterly indicators IT above 100% for the calculation periods, the Managers were entitled to receive the quarterly indemnities of the first subcomponent of the variable component, amounting 3 (three) fixed endowments for each of the three quarters.

The second subcomponent of the variable component which will be awarded to the Managers, is determined depending on the fulfilment of the objectives, namely, the achievement of the annual target level of the performance indicators, that is the degree of achievement of the global annual indicator IA and is established at 0,4% of the amount representing the difference between the achieved net profit and the estimated profit for the financial year, but not more than 12 (twelve) fixed gross monthly indemnities (“annual calculation of the second variable subcomponent”).

The CEO and the Manager of CNE Cernavoda and CFO were awarded the second part of the second subcomponent of the variable component for 2014, amounting 405.768 lei gross (CEO – 144.900 lei gross, the Manager of CNE Cernavoda – 137.700 lei gross and CFO – 123.168 lei gross), the first part having been awarded in September 2014.

For the first semester of 2015, the first tranche of the second subcomponent of the variable component was calculated and awarded to the three executive managers of SNN SA, as follows:

Manager	First tranche of the second variable subcomponent (lei gross)
CFO	11.609 lei
Manager of CNE Cernavoda	11.609 lei
CFO	11.609 lei

For the first semester of 2015, the following indicators will be considered for the computation of the second subcomponent of the variable component

Indicators for the first semester of 2015	Source	Amount (lei)
Net profit achieved	Interim individual financial statements as at and for the six months period ended 30 June 2015	2.902.168
Net loss/profit estimated	BVC SNN 2015 approved by Government Decision no. 468/24.06.2015 and by General Assembly of Shareholders Decision no. 6/14.09.2015	-6.055.536
Difference between net profit achieved and net profit estimated		2.902.168
0,4% out of net profit difference		11.609

For the first half of 2015, a loss was budgeted through the approved SNN Budget. Thus, the reference basis for the net profit for the first half of 2015 will be 0 (zero). The percentage of 0.4% was applied, consequently, to the entire profit realized for the first semester 2015. According to art. 19 of the mandate contracts, the value of the subcomponent two of the variable component which will be given to the directors for the first half 2015 will be capped at the amount of the fixed allowance for six months. The value of the second subcomponent from the variable component resulted is less than the value of the fixed allowance for six months for each of the three directors of SNN with mandate contract, therefore, capping is not necessary.

For 2015, the centralized statement of the revenues of the management of SNN (both for Board members and for managers

with mandate contract), gained in their capacity of administrators and/or managers is as follows:

Management of the company	Fixed gross indemnity (lei)	Variable component (lei gross)		Gross revenue (lei)	Net revenue (lei)
		Variable subcomponent. I	Variable subcomponent. II		
Members of the Board of Directors	287.360	304.851	246.716	838.927	627.406
Managers with mandate contracts	811.536	811.536	34.827	1.657.899	1.494.593
Total	1.098.896	1.116.387	281.543	2.496.826	2.121.999

(i) Arguments that justify the annual bonuses and other non-monetary benefits

The annual bonus which is awarded to the non executive Administrators and to the Managers is represented within the second variable subcomponent of the variable remuneration. Details regarding this subcomponent were presented at item (ii) above. The considerations which justify the annual awarding of this bonus are the following:

1. The provisions of art. 37, paragraph 2 and article 38, paragraph 2 of OUG 109/2011 according to which the remuneration of the members of the Board of Directors and of the Managers is made up of a fixed monthly indemnity and a variable component which can consist of a participation quota to the net profit of the company, a pension scheme or another form of remuneration based on the performance indicators;
2. The provisions of art. 37, paragraph 5 and art. 38, paragraph 3 of OUG 109/2011 according to which “the level of the variable component is established based of strongly motivated recommendations, formulated on the basis of the results of a comparison study regarding remuneration conditions in other similar companies, from the same field of activity, with major or entire state owned capital from Romania or other European countries, by the remuneration committee or..”;
3. The study regarding the remuneration policy of the administrators and managers of SNN prepared by CNR in order to comply with the requirements of art. 37, paragraph 5 of OUG 109/2011. On the basis of this study, CNR issued recommendations regarding the variable component of the remuneration of the Administrators and Managers;
4. The remuneration study was based on the following elements:
 - The level of remuneration from similar Romanian and European companies, taking into account both state owned and private companies;
 - The level of remuneration in other countries (Canada), taking into account the CANDU type NPPs;
 - The level of the salaries, cash or in kind, of some employees with management responsibilities within SNN;
 - Other companies with the major shareholders-the Romanian state from other fields of activity.



At the same time, the managers benefit of the following non financial advantages:

1. Directors & Office type liability policy, the insurance value being 3 million euro;
2. The right to be reimbursed for business travels;
3. The right to consider as seniority in the nuclear and thermal energy sector the period for which he/she acts as manager within SNN;
4. The right to a company car (the costs of which will be beard by SNN), office phone, laptop, desktop, stationary, faxes, logistic, etc as well as other equipment which is necessary for representation at the management level;
5. The right to an office space, adequate for the position of manager, with all the necessary facilities and equipment;
6. The right to an occupational insurance for work related accidents and professional illness, on the expense of the company;



7. The right to have a secretariat, the cost of which will be heard by the company;
8. The right to request mediation and/or other protection measures from the Board of Directors, the GMS, the confederation, federation or patron organization, in order to solve conflict situations with the unions or representatives of the employees, as well as other organizations, having the right to benefits in these cases of legal consultancy, on the expense of SNN;
9. The right to a protocol fund from the protocol funds of the company approved by the Board of Directors;
10. The right to an employment in correspondence with his training and professional experience (on the basis of an individual work contract for an undetermined period of time, concluded in accordance with the law) as well as all the right derived from the employment, as per the legal provisions and/or those of the collective work agreement of the company, after the termination, of any reasons of the current contract, namely the revocation based on reasons independent of his person.

(ii) Potential alimonies or anticipated pensions– Not applicable

Information regarding the duration of the contract, the negotiated notification period, the quantum of losses – interests for revocation without just cause

Non – executive Administrators and Managers

The mandate/administration contracts concluded by the members of the Board of Directors / Managers with SNN have duration of 4 years, starting with the date of the appointment and can be renewed through a resolution of the General Meeting of Shareholders/Decision of the Board of Directors only if case of the adequate achievement of the assumed attributions/obligations. The administration/mandate contracts do not provide a negotiated notification period, the administrators/managers having the right to renounce their positions without allowing SNN a notification period.

In case the administrators/managers are revoked unexpectedly or unjustified, they have the right to receive from SNN a compensation for the unexecuted period of the their administration/mandate contract, regardless of the date the revocation occurs, but not more than 12 fixed monthly indemnities, thus determined:

- a) in case the revocation occurs at any time before the last year of the mandate contract, the administrator/manager will receive a compensation representing 12 fixed monthly indemnities;
- b) In case the revocation occurs during the last year of the mandate contract, a compensation corresponding the number of months left until the end of the term will be paid, but not in excess of 6 fixed monthly indemnities.

The payment of this compensation is made in 30 working days from the date of the termination of the Administration/mandate contract. This form of compensation is unique and represents the only form of damages paid in case of unjustified revocation. In case of revocation for just reasons, SNN does not owe to the administrators/manager any compensation for the unexecuted period of his term.

Nomination and Remuneration Committee,

Carmen Radu

Alexandru Alexe Nicolae Bogdan Codrut Stanescu