

**INDEPENDENT LIMITED ASSURANCE REPORT<sup>\*)</sup>**

**on the information included in the current reports prepared by the Company in accordance with the requirements of Law no. 24/2017, article 82 and the ASF Regulation no. 5/2018 (former CNVM Regulation no. 1/2006)**

**To the General Manager of  
Societatea Nationala Nuclearelectrica S.A.**

1. We were engaged by Societatea Nationala Nuclearelectrica S.A. (hereinafter referred to as "the Company") to report on the information (hereinafter referred to as "Reported Transactions") included in the current reports (hereinafter referred to as "Current Reports") dated 18 January 2018 (fixed-term deposit without extension), 23 January 2018 (fixed-term deposit without extension), 30 January 2018 (service agreement), 19 February 2018 (fixed-term deposit without extension), 26 February 2018 (fixed-term deposit without extension), 15 March 2018 (addendum to the framework agreement), 12 April 2018 (agreement), 20 April 2018 (agreements), 23 April 2018 (agreement), 29 May 2018 (agreements), 7 June 2018 (service framework agreement and fixed-term deposit without extension), 8 June 2018 (service agreement), 18 June 2018 (addendum to the agreement), 21 June 2018 (addendum to the framework agreement) and 3 July 2018 (addendum to the framework agreement), prepared by the Company in accordance with Law no. 24/2017 on Issuers of Financial Instruments and Market Operations (hereinafter referred to as "Law no. 24/2017") and the Regulation no. 5/2018 of Financial Supervisory Authority (hereinafter referred to as "ASF") on Issuers of Financial Instruments and Market Operations (hereinafter referred to as "Regulation no. 5/2018"), in a form of an independent limited assurance conclusion that, based on our procedures performed, to confirm whether or not nothing has come to our attention that causes us to believe that the Reported Transactions included in the Current Reports are not, in all material respects, in conformity with article 144, letter B, 4<sup>th</sup> paragraph of the Regulation no. 5/2018. The Current Reports mentioned above have been prepared by the management of the Company to report to ASF according to the requirements of the article 82 from the Law no. 24/2017 and the Regulation no. 5/2018.

**Management's Responsibilities**

2. The management of the Company is responsible for the preparation and presentation of the Current Reports and Reported Transactions included in the above mentioned Current Reports that are free from material misstatements, in accordance with article 82 from the Law no. 24/2017 and the Regulation no. 5/2018, and for the information contained therein. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of these Current Reports and Reported Transactions included in the Current Reports, which are free from material misstatements, whether due to fraud or error. Also, this responsibility includes the compliance with the requirements of article 82 from the Law no. 24/2017 and the Regulation no. 5/2018 and maintenance of adequate supporting documentation in relation to the Current Reports and Reported Transactions included in the Current Reports. The management of the Company is responsible for preventing and detecting fraud and for ensuring that the Company complies with the legislation and regulations in force. The management of the Company is responsible to ensure that personnel involved in preparation of the Current Reports and Reported Transactions included in the Current Reports is properly trained.

<sup>\*)</sup> This represents a non-official English translation of the original limited assurance report issued in Romanian language.

## **Our Responsibilities**

3. Our responsibility is to examine the Reported Transactions disclosed by the Company in the Current Reports and report in the form of an independent limited assurance conclusion on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements ("ISAE") 3000 regarding assurance engagements other than audits or review of historical financial information, as adopted by the Romanian Chamber of Financial Auditors ("CAFR"). This standard requires that we comply with ethical requirements, including independence requirements and plan and perform our procedures in such a way as to obtain a meaningful level of assurance about whether the Reported Transactions included in the Current Reports are, in all material respects, in conformity with article 144, letter B, 4<sup>th</sup> paragraph of the Regulation no. 5/2018, as the basis for our limited independent assurance conclusion.

4. The procedures selected depend on our understanding of the Current Reports and Reported Transactions included in Current Reports and other circumstances of the engagement, and on our considerations on areas where material misstatements are likely to arise. In developing our understanding of the Current Reports and Reported Transactions included in the Current Reports we considered Company's internal controls relevant to the preparation and presentation of the Company's Current Reports and Reported Transactions in accordance with the requirements of article 82 from the Law no. 24/2017 and the Regulation no. 5/2018 in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion as to the effectiveness of Company's internal control over the preparation and presentation of the Current Reports and for concluding the Reported Transactions.

5. Limited assurance is narrower than absolute or reasonable assurance. The procedures for obtaining evidence for a limited assurance engagement are more limited than for a reasonable assurance engagement, and therefore lower level of assurance is obtained than in the case of a reasonable assurance engagement.

6. As part of this engagement, we have not performed any audit, review procedures or verification of the Current Reports and of Reported Transactions included in the Current Reports in accordance with the International Standards of Audit or with the International Standards on Review Engagements as adopted by the CAFR and nor on the sources from which the Current Reports and Reported Transactions were extracted.

## **Criteria**

7. Regarding the Company's electricity sales reported in the Current Reports dated on 12 April 2018 (agreement – report no. 308), 20 April 2018 (agreement – report no. 348, agreement – report no. 349, agreement – report no. 350) , 23 April 2018 (agreement – report no. 355) and 29 May 2018 (agreement – report no. 512, agreement – report no. 513, agreement – report no. 514, agreement – report no. 515) the results of the auctions organized by Opcom S.A. for the Company's offers of electricity sales were considered.

8. Regarding the bank deposits concluded with the Export – Import Bank of Romania – Exim Bank S.A. – Bucharest and reported in the Current Reports on 18 January 2018, 23 January 2018, 19 February 2018, 26 February 2018 and 7 June 2018, the centralized results of tenders received by the Company from several banking institutions were considered.

9. Our conclusion has been formed based on, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion with reserves.

### **Basis for qualified conclusion**

10. The Company does not have alternative market offers for all the services included in the contracts concluded with National Company of Uranium (“CNU”), Technologies for Nuclear Energy State Owned Company – Institute for Nuclear Research Pitesti (“RATEN - ICN”), The Association formed by National Weather Administration, National Institute of Hydrology and Management, The National Institute for Research and Development GeoEcoMar and National Company Administration of the Navigable Canals (“CNACN”), disclosed in the Current Reports dated 30 January 2018 (service agreement – report no. 43), 15 March 2018 (addendum to the framework agreement – report no. 165), 7 June 2018 (service framework agreement – report no. 554), 8 June 2018 (service agreement – report no. 506), 18 June 2018 (addendum to the agreement – report no. 597), 21 June 2018 (addendum to the framework agreement – report no. 567) and 3 July 2018 (addendum to the framework agreement – report no. 614).

The Company does not have evidence regarding alternative offers on the market for the above-mentioned contracts because:

i) Transaction concluded with CNU - reported in the Current Report from 30 January 2018 (service agreement – report no. 43): concluded as an exception from applying the Law no. 99/2016 regarding the sectorial procurements, according with article 39, letter b), consisting of processing services of non-compliant nuclear materials containing natural uranium from the FCN Pitesti Branch, in order to recover uranium such as sinterable UO<sub>2</sub> powder; however the acquisition of services was performed through a competitive procedure with participation of two Company’s qualified suppliers for sinterable powder of uranium.

ii) Transaction concluded with RATEN – ICN - reported in the Current Report from 15 March 2018 (addendum to the framework agreement - report no. 165): concluded as Addendum no. 4/2 March 2018 to the framework agreement no. 350/21 March 2014, as a negotiation procedure without publishing a participation notice, in accordance with article art. 252, letter b) from the Government Emergency Ordinance no. 34/2006, regarding the assignment of public acquisition contracts, with subsequent amendments, taking into account that there are technical reasons that make these services able to be rendered by only one legal entity. Thus, according to Chapter I, 3<sup>rd</sup> paragraph of the FCN Pitesti Branch Environmental Authorization issued by Government Decision no. 1061/19 November 2011, "The water supply and sewerage system as well as the right to use it for the entire nuclear platform SCN - FCN is assigned to the Institute for Nuclear Research Pitesti of Technologies for Nuclear Energy State Owned Company (“RATEN - ICN”) hereinafter referred to as "SCN Pitesti ", as the holder of the Water management authorization no. 308/17 December 2009 issued by the “Romanian Waters” National Administration - Water Direction Arges - Vedea Pitesti".

At the same time, RATEN - ICN is the only legal entity able to provide radioactive waste treatment services according to the conditions set out in the Company Strategy for uranium contaminated materials, respectively within the same material balance area.

iii) Transaction concluded with RATEN – ICN - reported in the Current Report from 7 June 2018 (service framework agreement - report no. 554): concluded as Framework agreement no. 554/5 June 2018, through negotiation procedures without a preliminary invitation for a competitive tendering procedure as per art. 117, 1<sup>st</sup> paragraph, letter c), 2<sup>nd</sup> paragraph, letter b) and 4<sup>nd</sup> paragraph from the Law no. 99/2016 on sectorial procurement, taking into account that there are technical reasons that make these services able to be rendered by only one legal entity. This transaction has the same object as the transaction mentioned at point (ii), the reason for applying the negotiation procedure without preliminary invitation for a competitive tendering procedure being mentioned above at point (ii).

iv) Transaction concluded with the Association formed by National Weather Administration, National Institute of Hydrology and Management, The National Institute for Research and Development GeoEcoMar - reported in the Current Report from 8 June 2018 (service agreement – report no. 506): concluded as services agreement no. 506/23 May 2018 through simplified procedure. Taking into consideration that the estimated amount of acquisition is less than the threshold as per art. 12, 1<sup>st</sup> paragraph, letter a) from Law no. 99/2016 on sectorial procurement, in accordance with art. 106, 1<sup>st</sup> paragraph from Government Decision no. 394/2016 - the implementing rules of Law no. 99/2016 in sectorial procurement, simplified procedure was organized in accordance with the principles as per art. 2, part 2 of the Law 99/2016 on the sectorial procurement.

v) Transaction concluded with CNACN - reported in the Current Report from 18 June 2018 (addendum to the agreement – report no. 597): concluded as an exception from applying the Law no. 99/2016, regarding the sectorial procurements, according with article 38, by virtue of exclusive right of CNCAN. Thus as per Ordinance no. 79/2000 CNCAN was appointed as the administrator of the two channels of the Danube - Black Sea Canal (“CDBS”). This law is not applicable to sectoral service contracts awarded to an entity which is itself a contracting entity or an association of contracting entities based of an exclusive right which they enjoy for providing of those services according to the law or other regulatory acts which are published, to the extent that they are compatible with the Treaty on the Functioning of the European Union.

vi) Transaction concluded with RATEN – ICN - reported in the Current Report from 21 June 2018 (addendum to the framework agreement – report no. 567): concluded as Addendum no. 1 to the framework agreement no. 552/16 June 2017, through negotiation procedures without a preliminary invitation for a competitive tendering procedure as per art. 117, 1<sup>st</sup> paragraph, letter c), 2<sup>nd</sup> paragraph, letter b) and 4<sup>nd</sup> paragraph from the Law no. 99/2016 on sectorial procurement, taking into account that there are technical reasons that make these services able to be rendered by only one legal entity. The reasons are similar to those mentioned in point ii), as RATEN – ICN is the only legal entity able to provide radioactive waste treatment services according to the conditions set out in the Company’s Strategy for managing uranium contaminated materials, respectively within the same material balance area. In particular, their treatment is carried out by burning in the incinerator at the Radioactive Waste Treatment Station (“STDR”) existing on the ICN - FCN joint platform.

vii) Transaction concluded with CNU - reported in the Current Report from 3 July 2018 (addendum to the framework agreement): concluded as Addendum no. 3 to the framework agreement no. 79/6 February 2015, as a negotiation procedure without publishing a participation notice, in accordance with article art. 252, letter b) from the Government Emergency Ordinance no. 34/2006, regarding the assignment of public acquisition contracts, with subsequent amendments, taking into account that there are technical reasons that make these services able to be rendered by only one legal entity. Thus, CNU is the only legal entity authorized by National Commission for Nuclear Activities Control (“CNCAN”) to carry out the storage of non-incinerated radioactive solid waste contaminated with natural uranium. At the same time, according to art. 7, 1<sup>st</sup> paragraph from the Law no. 111/1996 on the safe conduct, regulation, authorization and control of nuclear activities, with subsequent amendments: "Intra - Community import, export and transfer into/from Romania of radioactive waste and spent nuclear fuel are prohibited", therefore solid waste radioactive generated within the FCN Pitesti Branch can be stored only in Romania at CNU - Feldioara Branch, which is the only one authorized by CNCAN for such activities.

Consequently, we were not in the position to express a conclusion that the prices established in these contracts, correlated with the rights and obligations assumed by the parties, for which the Company does not have evidence of alternative offers on the market, are in line with other offers from the market.

### **Qualified conclusion**

11. Based on the procedures performed, except the effects of the above mentioned aspects from the paragraph “*Basis for qualified conclusion*”, if any, nothing has come to our attention that causes us to believe that the Reported Transactions included in the Current Reports are not, in all material respects, in accordance with provisions of the art. 144, letter B, 4<sup>th</sup> paragraph from the Regulation no. 5/2018.

### **Other matters**

12. This report is made solely for the scope described in the first paragraph and is addressed to the Company's General Manager. We do not, in giving this conclusion report, accept or assume responsibility for any other purposes or to any other party to whose knowledge this report may come to. This engagement was performed in order to report to the Company's General Manager those aspects that should be disclosed in a limited assurance independent report and for no other purposes. To the fullest extent permitted by the law, we do not accept and assume responsibility to anyone other than the Company's General Manager for our engagement, for this report or for the conclusion we have formed. This report refers only to the above mentioned elements and does not refer in any way to other Company's reports.

Mazars Romania S.R.L.  
Date: 26 July 2018  
Bucharest, Romania