SUMMARY

MANAGEMENT PLAN

2019 – 2022

Societatea Nationala NUCLEARELECTRICA S.A.

- March 2019 -

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1. INTRODUCTION

This document represents a summary of the management plan.

The management plan is a working tool of the directors and managers with a contract of mandate within SN Nuclearelectrica SA, selected according to the procedure described by OUG *[Government Emergency Ordinance]* no. 109/2011 on the corporate governance of public enterprises, as subsequently amended and supplemented, being structured on the management component and correlated with the objectives and vision in the Letter of Expectations.

The management plan is elaborated in compliance with the provisions of art. 36 of (1) of OUG no. 109/2011 by the directors and managers with a contract of mandate within S.N. Nuclearelectrica S.A.

The purpose of the management plan is to describe the strategy, as well as how this is implemented over the term of the mandate of directors and manages, in order to achieve the objectives and performance indicators set out under the contract of mandate.

When elaborating the management plan, the specific nature and the uniqueness of the company's main scope of business - the production of electric and thermal energy by nuclear processes - within the national economic framework, were taken into account.

Furthermore, the geopolitical and market realities (dynamic market environment and cancellation of the complete liberalization of the energy market through OUG 114/2018), in which the company is operating, were taken into account.

The objectives proposed by this management plan and the measures for their achievement are underlined by the high operating performance of the Cernavoda Nuclear Power Plant (abbreviated Cernavoda NPP), the natural reduction of the lifetime left of the 210,000 cycle of actual operating hours set under the initial project, as well as the production of fuel within the company's branch, Pitesti Nuclear Fuel Plant (abbreviated FCN Pitesti).

The management plan complies with the principles of corporate governance, which lay down that a responsible, professional and ethical attitude of the Company in relation to the main stakeholders, are adapted to the main purpose that such have been proposed for - that of achieving the objectives undertaken.

2. COMPANY PRESENTATION

2.1 OVERVIEW

- Societatea Nationala Nuclearelectrica SA (referred to as SNN or SN Nuclearelectrica SA) was established by Romanian Government Decision no. 365/1998, following the reorganization of the Autonomous Administration of Electricity RENEL.
- Societatea Nationala Nuclearelectrica SA is a joint-stock company with legal personality, majority state-owned.
- Societatea Nationala Nuclearelectrica SA is organized and operates under the legal provisions of the Articles of Incorporation, being registered with the Trade Register Office attached to the Bucharest Tribunal with order number in the Trade Register J40/7403/1998 and the sole registration code 10874881.
- The share capital of Societatea Nationala Nuclearelectrica SA is owned by the majority shareholder, the Romanian State, through the Ministry of Energy, the responsible ministry, with a share of 82.4959% of the company's share capital, by SC Fondul Proprietatea SA with a share of 9.0903% of the company's share capital, and other investors, natural and legal persons, Romanian and foreign, with a share of 8,4138% of the company's share capital. The company is listed on the BVE since 2013.
- SN Nuclearelectrica SA has two secondary offices, having the status of branch, without legal personality.
- The registered office of the company is in Bucharest, 65 Polona Street, District 1.

2.2 MANAGEMENT STRUCTURE

The management system of Societatea Nationala Nuclearelectrica SA is the unitary system.

Societatea Nationala Nuclearelectrica S.A. is managed by the General Meeting of Shareholders, which decides on the activity of company, on its economic and business policy and is administered by the Board of Directors.

The Board of Directors of SN Nuclearelectrica S.A. consists of seven members, including the company's Chief Executive Officer.

The Board of Directors delegated the management of SN Nuclearelectrica S.A to a team of 3 managers with a contract of mandate (the Chief Financial Officer, the Deputy Chief Financial Officer and the Chief Financial Officer)

2.2 COMPANY BRANCHES

The productive activities performed to ensure the production of electricity are carried out by means of two secondary offices, without legal personality, with the status of branch, whose activity is coordinated centrally by the executive management of Societatea Nationala Nuclearelectrica SA.

The branches of SN Nuclearelectrica SA are presented as follows:

Cernavoda Nuclear Power Plant (abbreviated Cernavoda NPP), with office in Cernavoda, 2 Medgidiei Street, Constanta County

The Branch ensures the safe operation of Nuclear Units 1 and 2, each with an installed production capacity of 700 MWh. The two reactors in Cernavoda provide for approximately 20% of Romania's energy requirement.

Cernavoda NPP uses the CANDU 6 Canadian technology (Canadian Deuterium Uranium), using natural uranium as fuel and heavy water as moderator and cooling agent.

The Nuclear Fuel Factory (abbreviated FCN Pitesti), with office in Mioveni, 1, Câmpului Street, Arges County

The Branch ensures the production of nuclear fuel for Nuclear Units 1 and 2 from Cernavoda NPP (approx. 11,000 fuel bundles per year)

FCN Pitesti is authorized by AECL Canada as a CANDU 6 supplier of nuclear fuel.

The management of each branch is provided by a management team consisting of a branch manager, who provides the management of branch-specific processes by implementing the strategic decision and tactics established by the company’s executive management.

3. SWOT ANALYSIS

Strengths	Weaknesses
- Stability and operational excellence, materialized by high performance indicators and high degree of EAF (> 90%), increasing the Company's competitiveness; - The production process is based on a new and efficient technology; bundles of fuel are produced internally; - Predictability of operating and maintenance costs, relatively low operating costs - Expertise in nuclear energy production industry and sales activities; - Stable relationships and credibility in the business environment; - Membership in international organizations to support and develop knowledge; - Highly qualified human resource;	- Dependency on single suppliers for raw materials: heavy water, technological water and uranium dioxide, equipment, spare parts and services; - Reduced negotiating power with the suppliers critical equipment/services; - Rigidity in the supply chain process due to the legislative framework; Discrimination against competitors in Europe, by restrictive legislation; - Bureaucratic culture; - Unoptimized organizational structure, rigid processes;

Opportunities	Threats
- Uptrend in electricity price development; - European energy policy on decarbonisation and the reconsideration of the role of nuclear energy in the mix required for a decarbonized economy; - Use of the capital market through the issue of new financial instruments, as a fundamental element to support the financing of major investment projects; - Recovery of tritium after the deployment of the tritium removal facility; - Refurbishing of U1;	- Climatic and hydrological events that could lead to unplanned outages, as a result of the climate changes generated by the increased greenhouse gas emissions; The economic crisis; - Volatility of electricity prices; - Possible new strict regulations on the licensing and operation of nuclear power plants; - Lack of attractiveness for institutional investors for granting funds in the nuclear industry; - Refurbishing of U1; - Aging human resource and low attractiveness of the nuclear industry for the young generation; - Unpredictability and lack of clarity in terms of legislative provisions; - Contradicting views at European level regarding the future of nuclear energy; - Migration of highly qualified personnel to new nuclear projects, due to the shortage of industry specialists nationally/globally;

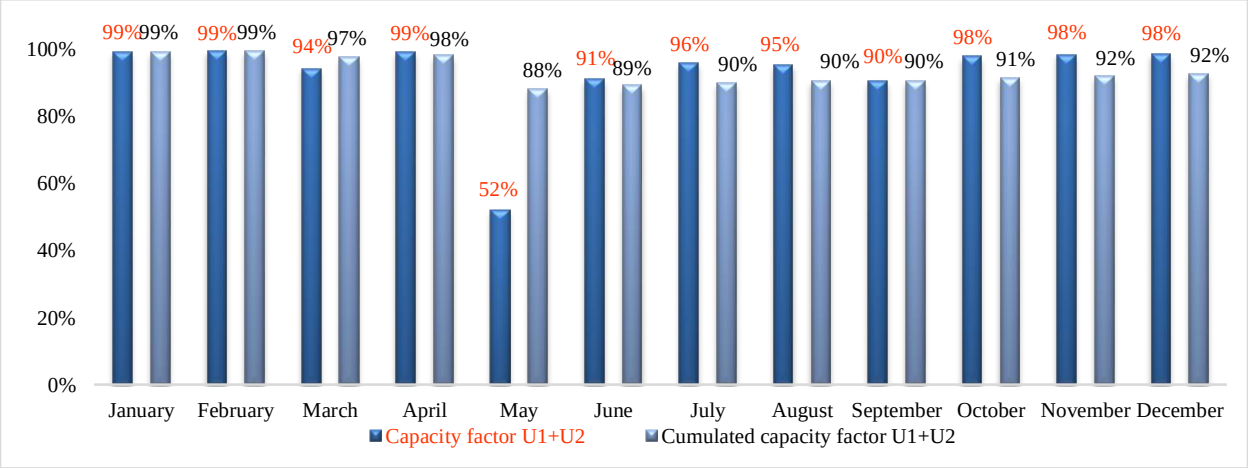
4. DIRECTIONS OF THE MANAGEMENT PLAN

The directions of the management component of the Management Plan ensures the implementation of the strategy included in the plan, elaborated based on the Letter of Expectations issued by the Ministry of Energy, while seeking, considering the SWOT analysis, the mitigation of threats and weaknesses, and at the same, building on the strengths and opportunities.

The main directions of the management component of the Management Plan:

1) **Reinforcing the electricity production at Cernavoda NPP, subject to compliance with the Nuclear Safety requirements, as a pillar of national energy security and reduction of CO2 emissions.**

SN Nuclearelectrica, by the Cernavoda NPP, currently provides 18% of the national electricity consumption with a capacity factor in 2018 of 92.37%, exceeding by far the level of 80% established under the initial project.



The intensive operation of the 2 reactors at Cernavoda NPP, while maintaining the level of excellence in operation, entails for the next 4 years, the need to implement compensatory measures allowing for the production of energy at a stable level to be maintained, with minimum downtimes, subject to compliance with the Nuclear Security rules.

a. **Ensuring a physical production of at least 9.6 Mil. MW, by:**

i. Implementing the annual investment programs required in order to ensure the operation of the power plant subject to compliance with the Nuclear Security rules

ii. Performing the preventative maintenance programs developed in order to implement the LTO concept for Cernavoda NPP

iii. Ensuring the human resource necessary to operate the plant in conditions of excellence subject to compliance with the Nuclear Security rules

iv. Completion of the Post Fukushima program

v. Maintaining radioactive emissions within the level of the internal regulations that are inferior to legal ones

vi. Ensuring the cash flows required to for the operation of the plant

b. Preparing the extension of the lifetime from 210,000 actual operating hours (EFH) to 245,000 EFH

The CANDU 600 type plant nuclear reactor components (as well as Unit 1) have been designed for a lifetime of 210,000 operating hours at rated power (EFPH-Effective Full Power Hours), which translates into an operating lifetime of approximately 30 years at an installed capacity efficient of 80%, to be reached by the end of 2023.

Over the last years, due to the fact that several CANDU type units are getting close to the 210,000 EFPH limit, the nuclear industry has made a number of researches on the behavior over time of the components of the reactor assembly and the aging mechanisms affecting them, with the purpose of extending their lifetime beyond the limit estimated by the designer of the reactors - AECL (currently Candu Energy), with a result that could reach for U1 from Cernavoda NPP the level of 245,000 EFPH.

In order to reach this objective, we are envisaging the following:

i. Contracting, using the findings and implementing the proposals obtained by the "Integrated Engineering Services for Analyzes and Assessments of the Reactor Assembly (PLEX), including the Assessment of Spacer Rings between the Pressure Tube and the Calandria Tube (Spacers Integrity analysis)-(SPACERS)", including additional studies, analyzes and inspections that would result in the operating hours at rated power that Unit 1 may reach, in full compliance with the nuclear safety requirements and rules.

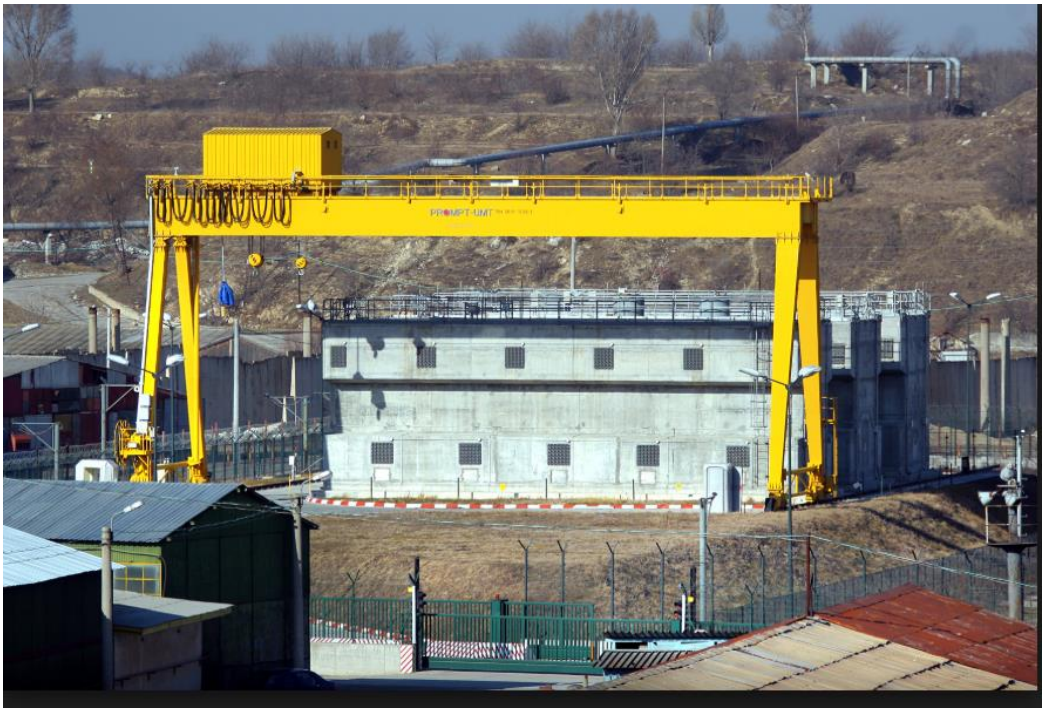
ii. Obtaining the Security Report for the Regulatory Authority CNCAN".

iii. Continuing the implementation/application of surveillance and maintenance programs that would allow the long-term operation of the plant

2) **Updating the long-term strategy of DICA approved by Resolution of Ordinary General Meeting of Shareholders of SNN no. 8 dated September 28th, 2017, while ensuring the intermediate storage of the burnt fuel**

The current strategy provides the possibility of continuing the construction of MACSTOR 200 modules up to and including Module 14, in the event that the environmental agreement for Macstor 400 is not obtained by 2020, continuing with the construction of these new modules once this is obtained;

There are currently 9 MacStor 200 modules completed, and modules 10 and 11 - all of Macstor 200 type - are under construction.



Under the conditions of recent changes to the environmental legislation and the request of the Ministry of Environment to connect the documentations for DICA and CTRF, it is necessary to review DICA's development strategy in terms of transition to MACSTOR 400 starting from Module 18, with completion expected for early 2027. In this context, the environmental agreement and the building permit to amend the DICA project (transition to M400 and extending the site) should be available by 2025 at the latest, which means that steps to obtain the environmental agreement will not be needed earlier than 2022.

Under these conditions for the period 2019-2022 we are envisaging:

a. Elaborating and submitting for the approval of the GMS the reviewed Strategy for the implementation of DICA in the sense of continuing to ensure the storage capacities for burnt fuel in the Macstor 200 module up to 2027;

b. Continuing to ensure the storage capacities for burnt fuel in the Macstor 200 module up to 2022

c. Preparing the documentation required to obtain the Environmental Agreement for Macstor 400 up to 2022 or transition to a new technology

3) Diversification of uranium sources

In April 2018, the Ordinary General Meeting of Shareholders (OGMS) approved the Strategy of diversification of the sources of supply with the raw materials necessary for generating nuclear fuel, a strategy that requires SNN to purchase uranium octoxide - U3O8 (the stable form over long periods of time, and the form that uranium is generally traded under, on the international market) on the international market, to be stored and processed by the CNU (by virtue of Law 193/2018).

In order to reach this objective, we are envisaging:

a. Qualification of alternative suppliers (Year 2019)

In relation to applicable regulations, the manufacturer of natural technical uranium concentrate (CTU) required to produce nuclear fuel should be "assessed and qualified" for the purchase of CTU. Thus, the qualification of alternative suppliers of CTU entails the following steps:

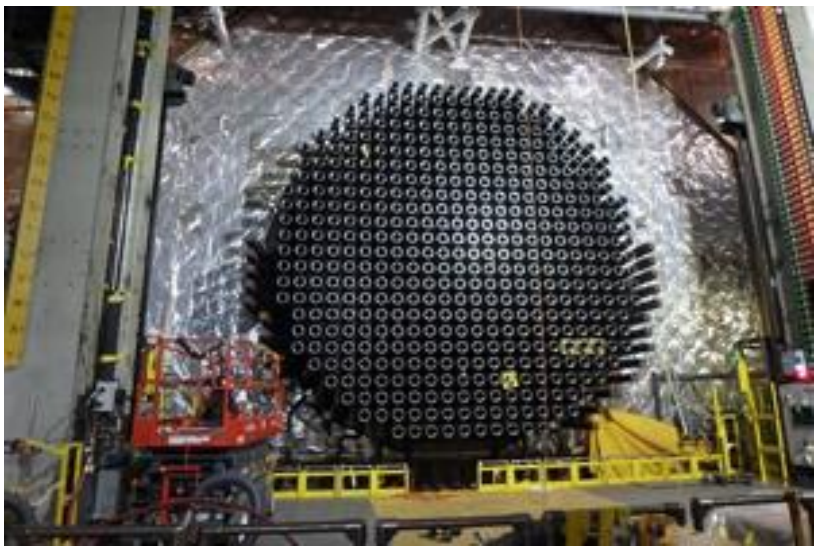
- Assessing the offers submitted by suppliers in the CTU procurement tender;
- Obtaining the CNCAN authorizations for the import of 3 kg samples. CTU for selected suppliers and ESA/EURATOM Notification;
- Delivery and testing of 3 kg samples at CNU from the selected suppliers (based on the testing plan drawn up by CNU and approved by FCN);
- Testing at FCN of UO2 powder obtained from CTU tested at CNU;
- Auditing the suppliers who have passed the tests for qualification and qualification service acceptance.

b. Purchasing raw materials from at least 2 different suppliers

c. Ensuring the processing/refining capacity

4) Preparing the RT

Within the Extraordinary General Meeting of Shareholders dated September 28th, 2017, the commencement of Phase 1 of the Strategy for the Project for Refurbishing Unit 1 of Cernavoda NPP was approved, which is expected to be carried out during the period 2018-2021, and ending with the approval by the General Meeting of Shareholders of the Feasibility Study and the final investment decision being made.



Considering the magnitude of the Refurbishment Project, both in terms of complexity of the activities and from the financial point of view, it is particularly important that the results of the Feasibility Study should have a high degree of confidence. In order to achieve this desired outcome, a series of studies and support analysis will be carried out in order to reduce the uncertainty margin as much as possible. In order to determine the volume of works required to be done during the outage for refurbishment, information will be obtained from the following studies:

- Study on "Assessment of the condition of plant structures, systems and components (Condition Assessment) in order to establish the measures to be taken so that it may operate for another lifetime cycle";
- Periodic Nuclear Safety Review (PSR) of the plant, in order to demonstrate that it may continue to operate safely for the population, the environment and its own personnel;
- Establishing the changes to the existing project in order to meet the latest nuclear safety requirements, as well as the directives of the European Commission.

The Assessment of the condition of plant structures, systems and components - Condition Assessment - is the first and most important study whereby, based on the information obtained from the design, manufacture, installation, operation and maintenance history, as well as from the discussions with the operating personnel (system engineers, component engineers, maintenance personnel etc.), the assessment of degradation mechanisms, aging management programs and financial assessment of the proposed solution (repair, replacement, improvement) is carried out for all plant

structures, systems and components. The public procurement procedure for contracting this study was launched by SN Nuclearelectrica S.A., expecting the contract to be signed in June 2019.

Furthermore, in order to demonstrate the feasibility of the Refurbishment Project, in addition to the study on "Assessment of the condition of plant structures, systems and components", the contracting of studies, the results of which will be included in the Feasibility Study is also envisaged:

- Engineering services for the elaboration of the Feasibility Study on the Management of Radioactive Waste generated during the refurbishment period of Unit 1 and during the operation of the two units after the refurbishment of Unit 1;
- Study on the storage solution for heavy water during the refurbishment of Unit 1;
- Technical and economic documentation on the technical solution for the replacement of nuclear fuel channels, calandria tubes and feeders (ICCTCF) of the reactor of Unit 1 of Cernavoda NPP"
- Study on the infrastructure required for the Refurbishment Project;
- Repairing the basin of burnt fuel of Unit 1, so as to allow its operation for another 30 years;
- Repairing the resin tank TK1 1 for its use in the storage of part of the heavy water during the period of refurbishment

In order to prepare the refurbishment project of Unit 1, we are envisaging the following:

a. **Completing the studies required for RT implementation (waste, heavy water, logistics infrastructure, OE)**
b. **Completing the Feasibility Study 2022**
c. **Selecting the re-tubing solution**

5) U3&U4

The revised strategy for continuing the Project of Units 3 and 4 of Cernavoda NPP by organizing an Investor Selection Procedure (the "Strategy") provides for the creation of a joint venture company ("JVCo") between SNN and China Nuclear Power Corporation - CGN (selected investor) to which the value invested by SNN in the subsidiary EN will be transferred; JVCo - will be established in order to review, under the current conditions, the feasibility of the project, the assessment of assets, making the decision on contracting the engineering, procurement and construction (EPC) works, obtaining the authorizations and approvals needed to start the works, including in terms of support measures to be given to the project, under the national and Community legislation and making the final investment decision.

Considering the context presented, we are envisaging the following:

a. **Continuing and completing the negotiations with CGN, within the limits of the revised Strategy and the mandate approved by the Board of Directors;**
b. **Establishing the joint venture company for the project;**
c. **Taking the necessary measures to carry out all the project preparation activities within the joint venture established together with CGN in which SNN will be a shareholder;**
d. **Active involvement of SNN in discussions with representatives of various public authorities, in order to obtain all approvals/agreements/permits necessary for the successful development and completion of the project.**

6) Leveraging SNN assets

SNN holds fixed assets that are not needed in the main activity of electricity production, valued in the financial statements at a fair value of approximately Lei 28 million. These assets entail management and maintenance expenses, marginally affecting the company's profitability ratios. According to the objectives mentioned in the letter of expectations, the SNN management will launch an analysis process on the optimal use of tangible assets under this category.

In order to reach this objective, we are envisaging:

a. **Identify the list & proposing the list of assets 2020**
b. **Launching the sale procedure 2021-2022**

7) EUROATOM Indicators

EURATOM Loan Agreements mention the following financial indicators that need to be achieved by SNN:

- **debt service coverage ratio may not be less than 1.5;**
- **debt ratio should not be over 0.5;**
- **the operating revenues of SNN should cover all operating costs of Units 1 and 2 and all debt service costs.**

SNN should achieve these indicators throughout the term of EURATOM loans, until 2024, correlated with the financial indicators structured in the KPI Annex to the contract of mandate.

The loan agreements with AECL and Ansaldo set out restrictions imposed on SNN of granting any guarantee or pledge on any of its assets, without the prior written consent of the creditors.

8) Optimizing and Streamlining the Organizational Structure

A permanent concern of the management shall consist in optimizing and streamlining the organizational structure of the company, taking into account the following specific considerations related to the production of energy by nuclear processes:

(i) International standards in the field and best practices (AIEA standards and recommendations and WANO recommendations);

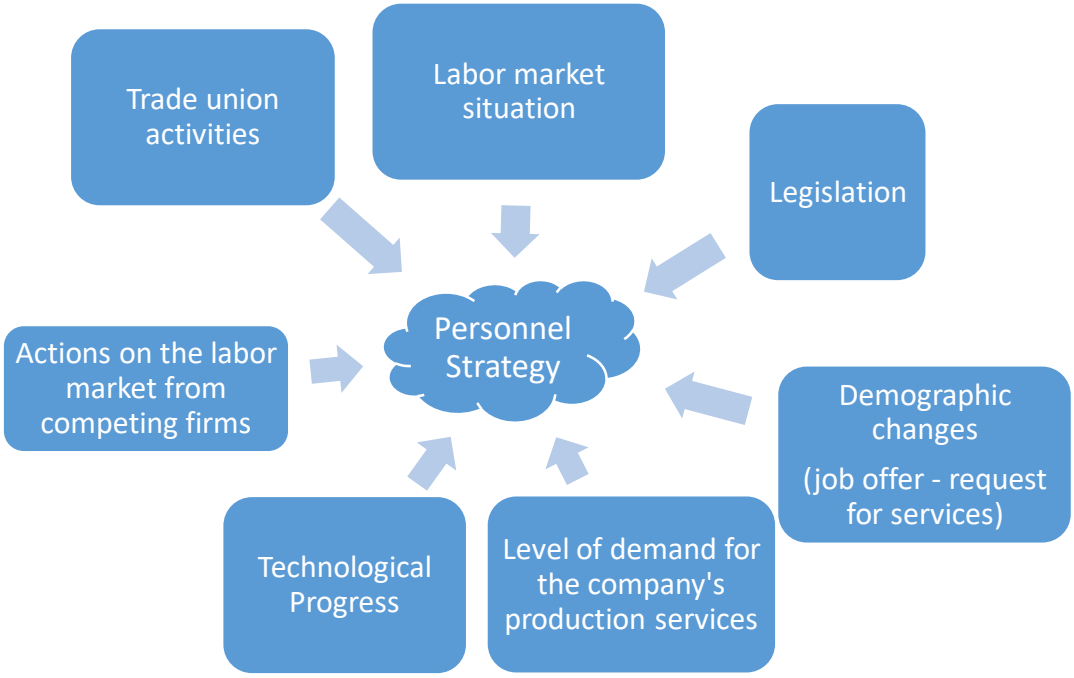
(ii) Ensuring a solid nuclear safety culture across all processes performed within the company;

(iii) Recommendations set forth by WANO, as a result of audits conducted in terms of corporate governance;

(iv) Applicable legal framework;

(v) Issues identified internally regarding the processes preformed within the company.

This approach involves major responsibility in facilitating the process of change, in response to the following influences on the strategy related to personnel:



In order to reach this objective, we shall be envisaging:

a. Qualifying 10 people per year as green belt 6 sigma

Top management wants to form a culture of learning within SNN, recognized as an essential organizational process characterized by:

(i) Stimulating people's accountability, in response to excessive supervision;

(ii) Autonomous learning, in response to the thematic content of training sessions;

(iii) Accumulation of long-term knowledge, instead of short-term quick fixes

The green belt 6 sigma qualification program is aimed for the specialists within the company whose responsibilities consist in initiating and performing from the beginning to the end a process improvement project, as well as the specialists involved in the long-term modeling projects aimed at shaping the organization. The Green Belt course is based on going through the DMAIC (Define, Measure, Analyze, Improve, and Control) stages and deepening the methods whereby specific process improvement tools may be used, within the company, including the development of their computerization and BI (Business Intelligence) applications.

b. Launching at least 10 annual improvement processes with minimum impact of EUR 20K Eur/project

Processes improvement projects related to the management of the human capital are essential for maintaining and continuously training an elite of professionals, knowing that the strength of a company lies in the quality, dedication and ability to engage the human capital held.

Annual improvement projects are treated by the top management team similarly to an investment, not as an expense, being aware of both the importance of processes and the analysis of performance indicators of these improvement processes.

By performing these improvement processes, the notion of procedural correctness will be understood, which does not mean decision by consensus or democracy at the work place. Its purpose is to follow through the best ideas, consisting in applying the following principles:

- Commitment - involving the employees in decisions, inviting them to express their opinions and encouraging them to discuss each other's ideas;
- Explanation - clarifying the motivations underlying a final decision;
- Clarity of expectations - specifying new rules, including performance standards, penalties for failures and new responsibilities

c. SNN process mapping / HR allocation

An important element in updating of the organizational structure and the specialized positions is represented by the analysis of the performances of each individual process developed within the company, adopting the measures required for improving the results obtained by the company.

In the process of optimizing the organizational structure, it is essential to elaborate an internal communication strategy, so that all employees understand the arguments underlying these organizational changes, the benefits envisaged, as well as the predictability regarding the jobs within the company.

9) Maintaining a predictable dividend policy

With SNN being a national company, majority state-owned, profit distribution is done in compliance with the provisions of Government Ordinance no. 64/2001 regarding the profit distribution within national companies and companies with total or majority state capital, and the Autonomous Administrations, as amended and supplemented. Thus, according to the provisions of O.G. *[Government Ordinance]* no. 64/2001, the minimum dividend distribution share is 50% of the net profit left after the distributions set out under art. 1 par. (1) let. a)-e) from O.G. no. 64/2001. The Company may propose to the shareholders a dividend distribution share between 50% and 100% of the distributable profit. The profit share to be distributed annually by the Company in the form of dividends is subject to approval within the General Meeting of Shareholders.

In formulating the proposals to the General Meeting of Shareholders, the compliance with the requirements of O.G. 64/2001 shall be taken into consideration, including the minimum distribution share of 70% of the distributable profit.

10) Corporate Social Responsibility

Social responsibility considers the impact of the corporation on society in a broad sense, and in more detail the effect on the environment, employees, shareholders, stakeholders (suppliers, customer, local community). The social responsibility undertaken by a corporation brings advantages related to high attractiveness to the customer, employees (allows more talented employees to be attracted) allows a better relationship with stakeholders and a much better image of the company in society and on the financial market.

The culture of social responsibility involves a multitude of topics such as:

- Human rights
- Corporate governance
- Environmental protection
- Occupational health and safety
- Working conditions
- Company's contribution to economic development

With its actions, SNN aims to respond to the community’s real problem, to contribute to the change for the better that the Romanian society needs for equality of chances, the increase of the standard of living and access to resources and, last but not least, for the growth of the future generation.

SNN wants to build a long-term trust relationship with employees, local communities, suppliers and partners, citizens, relationships that serve as a base for creating sustainable business models. Greater

trust thus contributes to creating an environment in which SNN and its stakeholders may innovate and grow. SNN is aware that economic activities increasingly require an ethical foundation that places man, the environment and social considerations in the center of economic activity.

In order to implement this objective, from the perspective of the management, the following actions are important:

a. **Updating the Corporate Social Responsibility Policy;**

b. **Establishing annual budgets for corporate social responsibility actions, as well as clear criteria underlying the allocation of these budgets, with the approval of the compliance bureau;**

c. **Involving SNN in large scale projects at national level, with a real and direct impact on society;**

d. **Analyzing the opportunity of establishing a foundation of SNN to promote large scale partnerships/projects in the field of corporate social responsibility actions and of establishing partnerships with NGOs/foundations with experience and wide extent in the field;**

e. **Strategic orientation in philanthropic, charitable and humanitarian actions in the benefit of the community, both in the areas adjacent to the nuclear objectives operated by SNN (Cernavoda and Pitesti), as well as at national level;**

f. **Investing a share of SNN's annual profit in CSR actions;**

g. **Annual reporting of CSR activities according to the Non-Financial Reporting Guidelines of the European Commission and Directive 2014/95/EU;**

h. **Annual reporting shall also refer to the 17 Sustainable Development Goals (SDG), included on the 2030 Agenda. CSR programs performed by SNN shall mainly focus on achieving Goal 7. Clean and affordable energy, aiming to ensure that the greatest number possible of people may access affordable energy in a safe, sustainable and modern way, given that 3 million people globally still use traditional sources of energy, mainly based on coal and natural gas.**

i. **Annual assessment and reporting of SNN’s CSR activities according to the Global Reporting Initiative (GRI) standards,**

With CSR actions, SNN management seeks to achieve the following objectives:

- Creating and supporting a sustainable business model, with responsible management and global policies adapted to local issues;

- Increasing the level of confidence and support for SNN's business model;
- Addressing the real issues of the community;
- Starting the change we want to see in the Romanian society;
- Developing relationships with the local community, NGOs, opinion leaders and increasing capacity at local level;
- Attracting young specialists;
- Increasing the level of acceptance for the use of nuclear energy in Romania and for SNN's investment projects;
- Alignment to CSR international standards and good practices practiced by the companies;
- Actively combating corruption by means of warning or reporting procedures, internal guidelines and information and prevention efforts;
- Promoting transparency on the economic, social and environmental consequences of the company's activities.

11) Complying with the corporate governance principles

Corporate governance within a company represents an essential element in view of achieving goals, improving efficiency, and ensuring an economic growth in order to enhance the confidence of public, shareholders and investors.

The corporate governance of SNN is based on the following governance pillars:

a. Leadership, vision and strategy

b. Efficiency and effectiveness

c. Responsibility and accountability

d. Transparent relationship with shareholders and increasing the value provided to long-term shareholders (Principle of protection of shareholders' rights, principle of fair treatment for shareholders and stakeholders, principle of transparency in information).

In terms of corporate governance, SNN, as a company listed on the Bucharest Stock Exchange, needs to comply with the provisions of Law no. 24/2017 on the issuers of financial instruments and market operations, the provisions of Law no. 297/2004 on the capital market and the regulations of the Financial Supervisory Authority. In addition to the mandatory legal framework, SNN envisages at least the following:

a. Implementing the provisions of the Corporate Governance Code of Bucharest Stock Exchange; this code is already implemented within the company with certain areas of improvement (e.g.: elaboration of a policy of forecasts);

b. Implementing the OECD standards on corporate governance;

c. Taking over the best practices of the nuclear field in terms of corporate governance (WANO, IAEA).

The purpose of good corporate governance is mainly to build a climate of trust, transparency and responsibility in order to ensure financial stability, business integrity, process efficiency, and therefore, the support of sustainable development. During the term of the mandate, the management team of SNN shall dedicate a permanent concern to the corporate governance system, in order to ensure an efficient framework of operation, while complying with the rights and role of shareholders within company, fair treatment of all shareholders, recognizing the rights of shareholder and encouraging an active cooperation between the company and the shareholders, ensuring an efficient transparency of SNN's information and activities, existence of clarity regarding the responsibilities of shareholders, board of directors and executive management, and the existence of an effective monitoring of the management by the board.

In terms of corporate governance, the following measures are identified:

(i) Establishing a procedure/policy/ internal guide to assess the activity of Managers;

(ii) Establishing a procedure/policy/ internal guide to assess the activity of the Board of Directors;

(iii) Elaborating a policy of forecasts, in compliance with the BVB Corporate Governance Code;

(iv) Maintaining the degree of transparency and a good relationship with shareholders and investors;

(v) Improving the internal control, audit and risk management system;

(vi) Clearly defining the management act and accountability of the administrative and executive management and communicating them to the participants on the capital market;

(vii) Recognizing shareholders as a key factor in maintaining the share price without differences in the approach between the shareholders with minor and major holdings;

(viii) Recognizing the interest of categories of stakeholders, as part of the corporate governance;

(ix) Developing and implementing the Key Indicator (KPI) System used in performance monitoring;

(x) Fulfilling the reporting obligations to shareholders and those to other stakeholders;

(xi) Transparency of the management act, as an essential element in the shareholders' level of trust. Financial results, estimates, risks, purchases, operating results, investments should be communicated clearly, on time, in order to allow for the assessment and adoption of investment decisions;

(xii) Updating/amending the provisions of the Company's Articles of Incorporation in terms of the existence of a clear delimitation between the responsibilities of shareholders, board and managers;

(xiii) Updating/amending internal procedures that were based on the structure of responsibilities in the articles of incorporation, following the shareholders' approval of the changes brought to the articles of incorporation.

The management team of SNN shall ensure, throughout the mandate term, that the following measures will be implemented regarding ethics and integrity:

(i) Implementing the code of ethics that would not allow the breach of ethical principles, at any level within the company, with reference to the management, employees, legality, abuse;

(ii) The implementation of the Code of Ethics shall be achieved through clear communication with all stakeholders, values and behavioral norms established under the Code of Ethics to be regularly reminded to the organization, so that it is continuously promoted in decision making;

(iii) Providing the levers necessary in order to comply with the Code of Ethics, that would not allow the breach of ethical principles, at any level within the company, with reference to the management, employees, legality, abuse; Code of Ethics communication campaign at company level;

(iv) Strengthening the provisions of the Internal Regulations for sanctioning the breaches of the Code of Ethics;

(v) Implementing a system of periodic presentation within the organization of cases of breaches of ethical behavior, in order to highlight the importance of complying with the ethical behavior, implementing a downward vertical communication system that would ensure that the Code of Ethics is fully incorporated and undertaken within the organizational culture;

(vi) Continuing the process of optimizing the internal procedural framework regarding the compliance, prevention and integrity warnings, by means of a sustained and formalized activity of familiarizing the entire personnel with the principles and provisions of the related procedural framework;

(vii) The prevention activity shall also be supported by a training program performed and implemented within the Head Office and the Branches, whereby the SNN personnel shall be distributed and trained on the compliance with specific procedures of ethics, integrity, anti-fraud and anti-corruption. Furthermore, the improvement of the existing procedures with the best practices in the field, the lessons learned and the adaptation to the requirements of the legislation in force shall be continued;

(viii) Implementing the anti-bribery standard, becoming one of the first trading companies in Romania to have specific monitoring policies, procedures and modalities in the field.

12) Reinforcing the risk management system

Internal control is a management tool used to provide reasonable assurance that management objectives are met.

In the Romanian legislation, by Ordinance no. 119/1999 on the management internal control and preventive financial control, republished, as subsequently amended and supplemented, and by Order of the General Secretariat of the Government no. 600/2018, management internal control is defined as representing all the forms of control exercised within the public entity, including the internal audit, established by the management, in compliance with its objectives and legal regulations, in order to ensure the most economic, efficient and effective administration of resources; this also includes organizational structures, methods and procedures.

According to Order of the General Secretariat of the Government no. 600/2018 regarding the approval of the Management Internal Control Code of public entities, the management internal control system operates with a variety of procedures, means, actions, provisions regarding all aspects related to the entity's activities. This set of elements is established and implemented by the company's management, in order to allow it to have a good control over the operation of the entity overall, and is the management internal control toot that consists of the following elements: objectives, means, information system, organization, procedures, control.

In order to strengthen the risk management system we shall envisage:

a. **Reviewing the internal financial-accounting controls**
b. **Monitoring the suitability of the Internal Control System with focus on the control environment, the management attitude and the management of the controls implemented**
c. **Reviewing the compliance with internal regulations, the legal framework and the Code of Ethics assuring the Board of Directors that within SNN control and support activities are in place in order to maintain a compliant behavior.**
d. **Reviewing the SNN policies on fraud risk management, making sure that fraud reporting and investigation systems are in place**
e. **Granting the Board of Directors with trust in the statement of the Annual Report regarding the suitability of the internal control and the risk management framework**
f. **Receiving reports on the results of the internal control system tests, conducted by internal and external auditors, on a regular basis**
g. **Supervising, on request, certain transactions for which support from the Board of Directors is required by the executive management.**

13) Maintaining and attracting qualified personnel, that would allow the operation of U3 & U4

The work performed by a qualified professional is usually distinguished by the fact that he/she uses a framework of core concepts, correlated with experience, and less the fact that it is a spontaneous reaction to events or the application of explicitly established procedures. Obviously, this work should be accompanied by a sense of responsibility and acceptance of recognized standards.

Thus, the following basic functions regarding the management and development of people working within the company are identified:

a. **Designing and implementing human resources strategies and policies**
b. **Organizational development**
c. **Planning human resources**
d. **Talent management**
e. **Managing the individual's knowledge, learning and development throughout the professional life**
f. **Recruitment and selection of human capital**
g. **Reward management**
h. **Reporting in relation to employees**
i. **Occupational health and safety - social well-being**
j. **Human resource management**
k. **Compliance with legal requirements and other requirements applicable in the field**
l. **Management of issues regarding the assurance of equal opportunities, preventing discrimination**
m. **Reporting in relation to social partners**

In response to SNN particularities regarding the preparation of the personnel, and in particular the need to ensure a response capacity according to the company's development plans and plans, it is important to invest in the training of employee, establish and implement sophisticated recruitment and selection tools, all while developing tools of loyalty, reward, and recognition of individual values.

The current context of the profile market at national, regional and international level, requires a redesign of the strategy in the field of human resources, focused on:

- the values of the individual;
- motivating individual and team performance;
- flexibility to market changes which alter the balance point between the demand and the supply;

- the hierarchically functional structure adapted to the objectives set, in order to achieve the expected performance;
- redesigning performance indicators related to objectives, in compliance with KPIs (key performance indicators) that are comparable on the profile market as a crucial element in achieving the expected performance;
- best practices;
- investing in innovation and organizational know-how