

RULES AND REGULATIONS OF THE ADVISORY COMMITTEES
ORGANIZED WITHIN THE BOARD OF DIRECTORS
OF S. N. NUCLEARELECTRICA S. A.

Part I – General provisions

Article 1. (1) The Advisory Committees are established by decision of the Board of Directors ("BoD") of Societatea Nationala Nuclearelectrica ("Company") as per the provisions of art. 140² of the Company Law no. 31/1990 republished, as amended and updated ("Law no. 31/1990") and of art. 34 of the Government Emergency Ordinance no. 109/2011 regarding corporate governance of public companies ("GEO no. 109/2011") in conjunction with the provision of Art. 18 item A paragraph 3 first sentence of the updated Articles of Incorporation ("Updated By-laws") of the Company.

(2) The Advisory Committees aim at conducting investigations and making recommendations for the BoD, in the specific area of each committee.

Article 2. At the date of these Rules and Regulations, some Advisory Committees established by the decisions of the BoD are operating within the Company as follows:

- **Strategy, Development and Great Investment Projects Advisory Committee**, established by the BoD's Decision No. 27 / 26.08.2013;

- **Nuclear Safety Advisory Committee**, established by the BoD's Decision no. 27/26.08.2013;

- **Nomination and Remuneration Advisory Committee**, established by the BoD's Decision no. 7/26.04.2013;

- **Audit Advisory Committee**, established by the BoD's Decision no. 8/30.04.2013.

PART II – Provisions common to all Advisory Committees

Article 3. The Advisory Committees of the Company are organized and operate as per the legal provisions of Article 1. and of these Rules and Regulations. The Advisory Committees are reporting directly and exclusively to the BoD.

Article 4. The Advisory Committees consist of at least two (2) members of the BoD, and at least one member of each Advisory Committee shall be an independent non-executive director. The actual number of members of each Advisory Committee shall be established by the decision of the BoD. The Audit Advisory Committee and the Nomination and Remuneration Advisory Committee shall consist solely of non-executive directors. At least one member of the Audit Advisory Committee must have experience in applying the accounting principles or in financial audit.

Article 5. (1) The management of these Advisory Committees is ensured by their presidents, elected by the unanimous, open vote cast by the members of such Advisory Committees.

(2) The Secretariats of the Advisory Committees shall be ensured through the good offices of the Company, meaning that a permanent secretary shall be appointed distinctly for each Advisory Committee, as well as a substitute for each of them.

(3) The meetings of the Advisory Committees shall be convened by the President, through the Secretariats of such Advisory Committees, with at least three (3) business days before the scheduled date of the meetings, through the convening notice sent by e-mail, along with the agenda and the related documents and materials. The agenda shall be established by the Presidents based on the proposals received from the members of the Advisory Committees and / or from the management of the Company. The agenda can any time be modified / completed even during the meeting progress by unanimous consent of the members of the Advisory Committees.

(4) The preparation of the meeting rooms, general correspondence, secretariat, archiving meetings documents and providing the relation with the BoD/BoD secretariat are the responsibility of the Secretariats of the Advisory Committees. The Secretariats of the Advisory Committees also manage the processes at the Advisory Committees level, elaborate and keep updated the schedules of the Advisory Committees meetings, prepare and distribute in advance the agendas of the committees meetings, coordinate the preparation and distribution of the committee meetings packages, report the progress status, draft the Reports of the Advisory Committees to the BoD and / or the General Meeting of Shareholders.

(5) The Advisory Committees meetings are usually conducted at the Company's headquarters. By the unanimous and justified decision of the members of the Advisory Committees, their meetings may be held in other locations within the company or outside the company. By the unanimous decision of the members of the Advisory Committees, operative sessions of these Advisory Committees may be also organized by means of distance communication (e-mail, telephone, video conference or other communication equipment). Any member of the Committees may delegate to another member the capacity to vote within a particular meeting of such a Committee.

(6) The meetings of the Advisory Committees are conducted by the presidents, personally, or, in case of the presidents impossibility to participate in the meeting, by another member of such Advisory Committees, appointed by mandate by the President.

(7) The presence of the members of the Advisory Committees in the meetings they were convened to is mandatory. Any member of the Advisory Committee who gives a representation mandate to another member or who attends the meeting by means of remote communication equipment is also considered present. The Advisory Committees meetings cannot be validly conducted unless the majority of the members of such Committees (through their personal participation, by means of remote communication or by representative, by proxy, as appropriate) is present. If a member of an Advisory Committee cannot attend, for objective reasons, a meeting, either personally or by means of remote communication, he/she must notify such Advisory Committee Secretariat, indicating the name of the member of such Advisory Committee that she/he empowers to represent him/her.

(8) The Secretariat of each Advisory Committee shall prepare the minutes of the meetings of such Committees and shall disseminate them for comments, not later than the end of the working day following the meeting day. The minutes of the meetings shall include, at least, the following information: location and date of the event, the participants in the meeting, also mentioning their participation method (present in person, present by means of remote communication or participation based on mandate given to another member of such Advisory Committee), the invited persons who attended the meeting, the experts who attended the meeting, summary of the discussions within the meeting, the votes cast and the resulting conclusions, and, if appropriate, the recommendations. Within five (5) days, all the members of the Advisory Committees shall be able to have comments on the contents of the minutes of the meetings of such Committees. The final form of the minutes of the meetings shall be approved by the Committees Chairmen/Presidents. The final form of the minutes of the meetings shall be signed by all members of such Advisory Committee, namely by the participants in the meeting and shall be circulated for information to the members of such committees, not later than 10 (ten) working days from the date of such meetings.

(9) The members of the Advisory Committees, the experts attending the meetings and the persons invited to attend the meetings are obliged to maintain the confidentiality of all information obtained with respect to the analyzed documents. The invited persons shall mean those persons within or outside the Company, invited to attend the meetings of the Advisory Committees and who have relevant experience in the application area of the issues subject to discussion, persons able to express their views and opinions on the discussed issues.

Article 6. (1) The decisions within the Advisory Committees are made by simple majority of the members (or representatives) participating in the meeting, or unanimously in case of the committees made up of two members, and these decisions have, for the BoD, a recommendation character, not a mandatory one. Each member of the Advisory Committees shall cast a vote,

namely "for", "against" or "abstain". For each meeting of the Advisory Committees a decision shall be prepared that shall record at least the following: the recommendation made by the BoD, the reasons for such recommendation, the votes cast; the decision shall be signed by the President and the Secretary of such Committee.

(2) The members of the Advisory Committees voting "against" or "abstain" shall be required to motivate their vote cast under these circumstances.

(3) The Advisory Committees shall meet regularly, at least once every three months, at the request of the BoD or whenever their presidents deem it necessary.

(4) In case of a vacancy in an Advisory Committee, a new member shall be appointed by the BoD's decision. The Board of Directors members who are dismissed, automatically lose their membership of the Committees they were part of.

Article 7. At the proposal of the Presidents or of the members of the Advisory Committees, the BoD may approve the hiring of independent permanent external experts, either natural or legal persons, specialists in the activity fields of the Committees and who shall assist the members of such Committees with their work and shall also determine the remuneration of such experts.

PART III – Provisions specific to each Advisory Committee

(A) Audit Advisory Committee

Article 8. (1) The Audit Advisory Committee has the role to assist the BoD in fulfilling its responsibility regarding the internal audit, and an advisory function regarding the Company's strategy and policy referring to the internal control, internal audit and external audit and control of how significant risks are managed.

(2) The Audit Advisory Committee assists the BoD in fulfilling its responsibilities in the area of financial reporting, of internal control and of risk management.

(3) The Audit Advisory Committee regularly examines the effectiveness of the financial reporting, internal control and risk management system adopted by the Company. The Audit Advisory Committee ensures that the audits performed and the prepared audit reports comply with the audit plan.

(4) The Secretariat of the Audit Advisory Committee is provided by the Internal Audit Department of the Company.

(5) The main duties and competence of the Audit Advisory Committee are:

(i) Monitors the financial reporting process;

- (ii) Monitors the effectiveness of the internal control, internal audit, where applicable, and risk management systems of the company;
- (iii) Monitors the statutory audit of the annual financial statements and of the consolidated annual financial statements;
- (iv) Reviews and monitors the independence of the statutory auditor or of the audit firm, and, in particular, the performance of additional services for the Company;
- (v) Supervises the development of the methodological norms for internal audit in the Company;
- (vi) Reviews and approves the multi-annual plan, annual internal audit plan and resources necessary for such activities, as well as the legal documents prepared by the Internal Audit Department of the Company, before being submitted for approval;
- (vii) Analyzes the effectiveness of the internal control and risk management system;
- (viii) Analyzes and approves the audit reports prepared by the Internal Audit Department;
- (ix) Monitors how the objectives of the Internal Audit Department set by the approved plan are fulfilled, the compliance with the regulations regarding the organization and carrying out of the internal audit activity, the way of maintaining the authority, independence, and impartiality of the internal auditors, the accuracy and credibility of the financial information provided to the Company's management and to the external users by the internal structures involved;
- (x) Monitors the proper functioning of the internal control system and internal audit;
- (xi) Monitors the implementation, by the internal audit, of the best standards and practices;
- (xii) Can make recommendations to the BoD regarding the Company's strategy and policy in the field of internal control, internal audit and financial audit and also regarding the appointment of the financial auditor of the Company;
- (xiii) Supervises the work of the internal auditors and of the financial auditors;
- (xiv) Supervises the compliance with the principles related to the independence and authority of the audit function;
- (xv) Approves the proposals referring to the appointment, remuneration and removal of the financial auditor, which, later, submits to the BoD;

(xvi) Reviews and approves the scope of the audit and the frequency of audit engagements;

(xvii) Reviews the internal audit and the financial audit reports;

(xviii) Ensures that the management bodies take the necessary remedial actions to address deficiencies identified in the control and compliance activity, as well as other issues identified by the auditors;

(xix) Gets informed in order to check whether new conditions restricting the capacity of the internal audit function arose, impeding the audit tasks performance.

(B) Nomination and Remuneration Advisory Committee

Article 9. (1) The Nomination and Remuneration Advisory Committee conducts investigations and prepares recommendations for the BoD with respect to the remuneration of administrators, directors and personnel or with respect to the nomination of candidates for various management positions.

(2) The Secretariat of the Nomination and Remuneration Advisory Committee shall be provided by the Human Resources Department of the Company.

(3) The Nomination and Remuneration Advisory Committee has mainly the following tasks:

(i) Makes proposals for the position of administrator;

(ii) Recommends to the BoD the candidates for the positions of director and for other management positions;

(iii) Elaborates duly justified recommendations regarding the level of the variable component of the remuneration of the Board members, made based on a comparative study of the remuneration conditions for similar positions in companies operating in the same activity field in Romania or in other European countries, having majority or fully state-owned capital; as appropriate, in carrying out those duties, the Nomination and Remuneration Advisory Committee may contract the services of an expert in the human resources recruitment area, in compliance with the GEO no. 109/2011 referring to the corporate governance of public companies;

(iv) Coordinates the appointment of the Board members, if the proposals submitted to the General Meeting of Shareholders for the position of administrator/director are made by the members of the Board of Directors;

(v) Recommends to the BoD / the General Meeting of Shareholders the candidates proposed for the position of administrator and also for filling the administrator vacancies;

(vi) Proposes to the BoD the procedure for the selection of the candidates for the positions of director and / or, where appropriate, for other management positions;

(vii) Makes proposals for the remuneration of directors and other management positions appointed by the BoD;

(viii) Rates the cumulation of professional competence, knowledge and experience at the level of the BoD;

(ix) Identifies the requirements for access to a management position in the company administration;

(x) Updates continuously the professional skills of the Board members, coordinating the improvement of their knowledge in order to apply the best corporate governance practices;

(xi) Submits the remuneration policy for the company's administrators and directors to the certification / approval of the BoD / General Meeting of Shareholders;

(xii) In determining the remuneration of non-executive administrators/directors shall observe the principle of proportionality of the remuneration with the responsibility and time dedicated by the administrators to duties performance;

(xiii) Submits to the BoD an annual report on the total amount of remuneration of directors and administrators, separately on the fixed component and on the variable component of these remunerations and other benefits granted to them; the Annual Report of the Nomination and Remuneration Advisory Committee includes at least information on:

- Remuneration structure, explaining the share of the variable component and of the fixed component;
- Performance criteria at the basis of the remuneration variable component, the ratio between achieved performance and remuneration;
- Considerations which justify any annual bonus scheme or non-monetary benefits;
- Any possible additional or anticipated pension scheme;
- Information on contract duration, negotiated notice period, the amount of damages - interests for unjust dismissal.

(C) Strategy, Development and Great Investment Projects Advisory Committee

Art.10. (1) The Strategy, Development and Great Investment Projects Advisory Committee elaborates recommendations with respect to the development strategy of the Company and to the great investment projects.

(2) The Secretariat of the Strategy, Development and Great Investment Projects Advisory Committee is provided by the Project Management Department of the Company.

(3) The Strategy, Development and Great Investment Projects Advisory Committee, has mainly the following tasks:

(i) Prepares analyses and written recommendations for the BoD in the process of adoption of the Company's Development, Rehabilitation and Modernization Strategy;

(ii) Prepares analyses and recommendations regarding the identification of the Company's main development directions, strategic objectives and contemplated ways to achieve these objectives;

(iii) Makes written recommendations regarding the approval and implementation of large investment projects, after having analyzed the specific documents, by complying with the competence limits set by the Articles of Incorporation of the Company;

(iv) Analyzes large investment projects and make recommendations thereon; **(4)** According to the purposes of these Rules and Regulations, "Development" means a set of activities consisting in promoting a project, namely preparing the technical-economical documentation aiming at strengthening and increasing the performance indices of the Company; "Great investment projects", according to the purpose of these Rules and Regulations, means projects aiming at the rehabilitation, modernization, improvement of the existing production capacities characteristics or the construction of new capacities, projects whose estimated value exceeds 5 million; the "Strategy of development, refurbishment and modernization" means the document specifying the objectives the Company aims at achieving in a determined period of time and the main approaches to complete such expected objectives. This strategy covers the most areas of activity of the company: production, modernization and refurbishment of existing production capacities and developing new production capacities, information technology, trading generated electricity, providing financial resources etc.

(4) The recommendations of the Strategy, Development and Great Investment Projects Advisory Committee shall be prepared based on the following main categories of documents: the Strategy for the development of the company or studies on a specific field of activity, annual and multi-annual programs structured by areas of activity of the company, pre-feasibility and feasibility studies for large investment projects or equivalent documentation, reports on the monitoring of the complying with the measures established to achieve the objectives identified at the

company's level. The documentation included in the categories mentioned above is elaborated by the executive management of the company.

(D) Nuclear Safety Advisory Committee

Article 9. (1) The Nuclear Safety Advisory Committee provides for the BoD assistance and / or independent assessment in the nuclear safety and environmental protection area, elaborating related written recommendations.

(2) The Secretariat of the Nuclear Safety Advisory Committee is provided by the Technical and Nuclear Safety Division of the Company.

(3) The Nuclear Safety Advisory Committee has mainly advisory / assessment duties and responsibilities with respect to the following:

(i) the Company's strategic options related to nuclear safety, taking into account the existing situation and the regulatory framework applicable to the operating activities within the Cernavoda NPP;

(ii) The conclusions drawn from the review of certain design studies and their impact on the systems, structures and components having nuclear safety critical functions;

(iii) The fundamental decisions on nuclear safety and on radiation protection, made by the Company and its two branches;

(iv) The framework and the main criteria to be adopted for the nuclear safety and the management and quality assurance system;

(v) The conclusions of the impact studies on all types of emissions into the environment;

(vi) The nuclear safety, public health and environmental protection criteria applied in dealing with sub-contractors and suppliers;

(vii) The elaboration and implementation of nuclear safety culture training programs for the Company's personnel;

(viii) The general policy and regulations regarding the personnel and competence requirements in operating the Company's assets;

(ix) The inspection of structures and components having safety critical function;

(x) The independent control processes with respect to nuclear safety and radiation protection issues related to the Company's specific activities;

- (xi) The authorization and licensing process;
- (xii) The analyses of the reports on the operating events / incidents having a potential impact on nuclear safety or on personnel's protection against radiation;
- (xiii) The analysis of any nuclear safety report elaborated within the Company;
- (xiv) Any problem for which the BoD considers it is necessary to consult the Nuclear Safety Advisory Committee.

(4) It is mandatory that the meetings of the Nuclear Safety Advisory Committee be attended, as an invited person, by a representative of the Cernavoda NPP Branch, a nuclear safety specialist. The representatives of the Company's management and of the branches shall provide the Secretariat with assistance and information that are reasonably necessary to enable the Technical and Nuclear Safety Division within the Headquarters to fulfill and carry out their duties and responsibilities.

(5) In case the BoD requires an emergency consulting advice / evaluation in terms of nuclear safety, the following process shall be followed:

- a. The proposal for the emergency nuclear safety issue shall be notified to the Technical and Nuclear Safety Division within the Company's Headquarters;
- b. If the Director of the Technical and Nuclear Safety Division within the Company's Headquarters considers that the proposal is justified, then he will get advice on such nuclear safety problem contacting as many members of the Nuclear Safety Advisory Committee as necessary, by telephone or videoconference;
- c. The President of the Nuclear Safety Advisory Committee shall inform the BoD, as soon as possible, about the emergency nuclear safety issue and about the advice received;
- d. The Director of the Technical and Nuclear Safety Division of the Company shall inform the Cernavoda NPP on the advice received for the nuclear safety issue; the information is transmitted in writing as soon as possible;
- e. After being examined and approved by the President of the Nuclear Safety Advisory Committee, a copy of the minutes of the meeting shall be sent to the Company's Board of Directors within 3 working days after the emergency meeting.