Annex to OME no. 610/29 May 2025

# LETTER OF EXPECTATIONS

## in the selection process of the members of the Board of Directors of Societatea Nationala Nuclearelectrica S.A. (UPDATED)

The present Letter of Expectations is the updated form of the Letter of Expectation related to the selection process carried out in 2022, issued following the vacancy of 5 (five) positions of member in the Board of Directors of Societatea Nationala Nuclearelectrica S.A.

The Ministry of Energy, as the Supervisory Public Authority for **Societatea Nationala Nuclearelectrica S.A. (the Company or SNN),** has updated the Letter of Expectations setting out the performance expected from the Company's management and governing bodies for the remaining period until the end of the term of office of the Board in office, i.e. until 15.02.2027, in accordance with the selection procedure previously carried out.

The present document was prepared in accordance with the provisions of *Government Emergency Ordinance no. 109/2011 on corporate governance of public enterprises, as subsequently amended and supplemented* (hereinafter referred to as GEO no. 109/2011), as well as *Government Decision no. 639/2023 approving the rules implementing Government Emergency Ordinance no. 109/2011 on corporate governance of public enterprises* (hereinafter referred to as Government Decision no. 639/2023).

According to Art. 1 para. (1) of Annex no. 1b to the GD no. 639/2023, "The letter of expectation is part of the binding set of documents used to commence the board member selection process for public enterprises, and is part of the initial component of the selection plan", and para.
(3) provides that the "Letter of expectation sets the objectives of the public enterprise that underpin determination of the specific selection criteria applied to the shortlisted applicants."

In accordance with Art. 2 para. (2) and (3) of Annex no. 1b to the GD no. 639/2023,
*"The letter of expectation contains a summary of the financial and non-financial objectives of the company, as set by the supervisory public authority in consultation with the shareholders, as applicable, who individually or jointly represent at least 5% of the share capital of the public enterprise" and "The letter of expectation describes the overall expected results, with indicative values, which are recommended to the administration and management bodies of the public enterprise, and recommends a number of performance indicators for the public enterprise."*

Based on the elements of the Letter of Expectations, the short-listed candidates for the position of company director present their vision or program for the development of the public enterprise.

The letter of expectation will be brought to the attention of interested persons through publication on the websites of the Ministry of Energy, SNN and the Agency for Monitoring and Evaluation of Public Enterprises Performance (hereinafter referred to as AMEPPE).

# I. General information on the company and its legal status

SNN was established on 2 July 1998 by the Government Decision no. 365/1998, further to the restructuring of the Romanian energy system. Prior to this restructuring, the Nuclear Power Plant used to be part of RENEL, a vertically-integrated national company that was later spun-off into a number of State-owned companies. SNN pursues its business in accordance with the Romanian legislation and its Articles of Association.

S.N. NUCLEARELECTRICA S.A. is an open joint-stock company, admitted for trading on the Bucharest Stock Exchange starting with 04.11.2013, symbol "SNN".

According to data from the Central Depository, SNN has a share capital of RON 3,016,438,940.00 divided into 301,643,894 shares. The Romanian State holds a total of 248,850,476 shares representing 82.4981% of the share capital of Societatea Nationala Nuclearelectrica SA and exercises its rights as majority shareholder through the Ministry of Energy. The remaining 38,826,907 shares representing 12.8718% of the share capital, respectively 13,966,511 shares representing 4.6301% of the share capital are held by legal entities and individuals.

The company is managed under single-tier system, currently having a Board of Directors consisting of 7 members and the Managing Director respectively the Chief Financial Officer with a 4-year mandate contract.

The main scope of business of the Company is “Electricity generation” – CAEN Code 3511 and is registered with the Trade Register under number J1998007403409, Single Code of Registration 10874881, tax attribute RO.

Currently, SNN is the only electric power producer based on nuclear technology from Romania. SNN also produces CANDU-type nuclear fuel bundles that are used to keep its own nuclear reactors in use.

SNN has two branches:

The **Branch of Cernavoda NPP** (Nuclear Power Plant) ensures operation of the two functional CANDU Nuclear Units, as well as the management of all SNN assets of Cernavoda (apart from Units 1 and 2 already in operation, Units 3 and 4 are in various stages of construction; for Unit 5, the Company's shareholders approved the change of initial application as early as March 2014, and this would be used to support the activities related to operation of Units 1 and 2, as well as the district heating system). Those two Units have an installed power of approximately 700 MW each (706.5 MWe Unit 1 and 704.8 MWe Unit 2).

The **NFP Branch** (Nuclear Fuel Plant) Pitesti, where CANDU fuel bundles are produced for Units 1 and 2 of Cernavoda.

Unit 1 Cernavoda NPP was commissioned in 1996, and Unit 2 in 2007. The two reactors provide about 18% - 20% of the power generated in Romania. The nuclear reactors at the two Units are of the CANDU 6 type, a model developed in Canada by Atomic Energy of Canada Ltd. This type of reactors is cooled and moderated with heavy water and use natural uranium as fuel. The initial site provided for the construction of 5 CANDU Nuclear Units. According to the Government's initial strategy, construction of Units 3 and 4 was due to be completed by Energonuclear S.A., a subsidiary of SNN, established in 2009.

According to the OGMS Resolution no. 1/22.01.2025, the shareholders of the Company approved the updated Strategy for continuation of **Cernavoda NPP Unit 1 Refurbishment Project, based on the updated Feasibility Study.**

The refurbishment of Unit 1 is expected to take place between 2027 and 2029, with commissioning of the unit estimated to take place in September 2029.

The activities related to the phase are divided into:
- replacement of reactor components, referred to as retubing activities;
- refurbishment of the Nuclear Steam Plant (NSP)/Balance of Plant (BOP) of U1, consisting mainly of improvement activities stemming from implementation of the recommendations of the assessment of the status of systems and components and the study on the design changes recommended to be performed.

**The Project of Units 3 and 4 within Cernavoda NPP**
According to **Law no. 74/2023** it was approved the signature of the Support Agreement between the Romanian State and Societatea Nationala Nuclearelectrica S.A. for the Cernavoda NPP Units 3 and 4 Project and which establishes a series of elements among which we mention the commitments / obligations of the Romanian State, of S.N. Nuclearelectrica S.A., the mechanisms related to the issue of state aid, the way of financing the project and the way of adopting decisions. Subsequently, the **Government Decision no. 1011/2024** approved the Addendum no. 1 to the Support Agreement.

The Support Agreement signed between the Romanian State - the Government of Romania, the General Secretariat of the Government, the Ministry of Energy, the Ministry of Finance, the Ministry of Transport - and Societatea Nationala Nuclearelectrica, in order to develop the National Strategic Project Cernavoda NPP Units 3 and 4, was signed in June 2023.

The signing of the Support Agreement between the Romanian State and SNN for the development of the Cernavoda NPP Units 3 and 4 Project allows the start of activities related to Stage II of the Project, namely: The conclusion of the agreements for the preparation of the critical engineering necessary for updating the project; updating the Project budget, Structuring and contracting financing and agreeing on an appropriate contractual architecture for implementation of the Project; Obtaining the favourable Opinion of the European Commission further to the Project Notice according to Article 41 of the EURATOM Treaty and a positive decision in accordance with the relevant European provisions on State Aid; Obtain the Nuclear Safety Authorization for the Construction Phase and have the Final Investment Decision taken for advancement to Phase III (Construction).

In the first half of September 2021, EnergoNuclear S.A. commenced acquisition of engineering services for the writing and updating the documents needed to kick off the CANDU Units Project. On 25 November 2021, EnergoNuclear S.A., the project company, signed the first agreement with Candu Energy, Member of SNC-Lavalin Group and the Design Authority of Units 3&4 and OEM Candu (the Original Manufacturer of Candu Technology). Within the agreement, CANDU Energy will provide engineering services for the preparation and update of certain documentation necessary for the initiation of the Project of Units CANDU 3&4 (among which, updating the basic licensing documents, updating of the nuclear safety guidelines, updating of the list of the project amendments with nuclear safety functions etc.).

In November 2024, EnergoNuclear, the project company, and the FCSA Joint Venture consisting of Fluor B.V., Fluor Energy Transition Inc. Wilmington Bucharest Branch, Candu Energy Inc. (a company owned by AtkinsRéalis), Ansaldo Nucleare S.p.A., S&L Engineers, Ltd., and Sargent & Lundy Energie S.R.L. entered into the Engineering, Procurement and Construction Management (EPCM) Contract, LNTP Phase, for the progress of Units 3 and 4 of Cernavoda NPP during the COP 29 event of Baku.

The contract amount for both the LNTP phase and the subsequent FNTP phase of the EPCM contract is estimated at EUR 3.2 billion.

The EPCM Contract, with an estimated duration of 108 months, is structured in two phases: the LNTP (Limited Notice to Proceed) (24-30 months), followed by the FNTP (Final Notice to Proceed) Phase (80-84 months), conditional upon setting out and agreeing on the commercial terms and making the Final Investment Decision in accordance with the Support Agreement between the Romanian State and SNN. The contract provides for EPCM services such as: design services needed for preparation of specific types of documents; project development and project management services; engineering services; procurement assistance services; technical assistance services up to the commissioning of the Units; and quality assurance and development of an integrated quality assurance system, applied both at the Contractor and on site.

Unit 5 is currently fully depreciated, because there is no plan to continue its construction; in March 2014, the Company's shareholders approved the use of Unit 5 for activities related to the operation of Units 1 and 2.

Units 1 and 2 use approximately 11,000 bundles of nuclear fuel every year, each containing around 19 kg of uranium. Between 1 January and 31 December 2024, Pitesti NFP Branch manufactured, controlled and accepted a number of 11,019 nuclear fuel bundles, with 19 bundles more than the annual manufacturing plan, all falling within the specifications, with the production of nuclear fuel bundles increasing by 0.2% compared to the same period of the year 2023, when 11,000 bundles were manufactured, controlled and accepted.

During 1 January - 31 December 2024, Pitesti NFP Branch delivered to Cernavoda NPP a number of 10,800 nuclear fuel bundles, complying with the agreed delivery schedule. In 2024, the nuclear fuel was produced from the sinterable uranium dioxide powder, stocked as at 1 January 2024, as well as from the sinterable uranium dioxide powder coming from the processing by CNU - Feldioara Branch and FPCU Feldioara of the process technical-grade uranium concentrate purchased from the supplier NAC KazatomProm JSC of Kazakhstan and CAMECO International, Canada.

On 28 December 2022, the acquisition of some assets from the technical uranium concentrate processing flow within the Feldioara Branch of Compania Nationala a Uraniului was finalized, and on 29 December 2022, the concession contract was signed with the Ministry of Energy, whereby SN Nuclearelectrica S.A. took over in concession land in total area of 480,000 square meters in the public domain of the state and in the administration of the Ministry of Energy related to the acquired assets. The assets that became property of SNN further to the completion of the abovementioned transaction were leased to FPCU Feldioara (a subsidiary of SNN) for operation and kicking-off the production process. Between January and March 2023, all the necessary steps were taken to authorize the production process and prepare the plants to commence processing.

Subsequently, in January 2025, the Ministry of Energy and S.N. Nuclearelectrica S.A. have signed a new contract for the concession of new areas of land located at the Feldioara site, of 3,452,270 square meters, representing land in the public domain of the state and under the administration of the Ministry of Energy.

The operationalization of Fabrica de Prelucrare a Concentratelor de Uraniu - Feldioara S.R.L. Subsidiary, S.N. Nuclearelectrica S.A. is one of the measures designed to contribute to ensuring and maintaining the integrated nuclear fuel fabrication cycle in Romania, in conditions of national security, in compliance with the provisions of the Treaty on the Functioning of the European Union and the recommendations of the EURATOM Supply Agency, as provided by Law no. 193/2018 for regulating the principles of ensuring the national strategy of Romania regarding the maintenance of the integrated nuclear cycle, by providing raw materials for the manufacture of nuclear fuel necessary for the operation of the units of the Cernavoda Nuclear Power Plant.

Also, SNN together with Nova Power&Gas, member of E-INFRA, have established on 26.09.2022, the Company RoPower Nuclear S.A., with a shareholding structure - 50% SNN and 50% Nova Power and Gas SRL ("NPG"), a company that aims to develop the NuScale Small Modular Reactors (SMR) Project on the Doicesti site. Small modular reactors (SMR) are advanced nuclear reactors having an installed capacity of maximum **300 Mwe/ reactor**. The NuScale SMRs have a capacity of **77 MWe/module**, and the Doicesti power plant will include **6 modules**, with a total capacity of **462 MWe**. The project is currently in Stage 2 of development which involves the preparation of a set of deliverables as needed for making a final decision about investing in the project (FID), completion of the project cost estimation (Class 3), the initial safety analysis report (ISAR), obtaining the early building permits, the environmental impact assessment, the detailed site characterization, and preparation for the nuclear plant's operation. On the basis of the finalization of this stage, a decision will be taken in order to make a final investment decision in the project.

## (i) SN Nuclearelectrica SA is currently carrying out other investment projects such as: Tritium Removal Facility - Cernavoda.

The **CTRF** project at Cernavoda NPP is one of Nuclearelectrica's most ambitious projects, aiming to reduce the tritium concentration in the heavy water systems of the CANDU reactors of Units 1 and 2. This project is vital for reducing the environmental impact of tritium and increasing the operational efficiency of the nuclear power plant. The tritium removal (CTRF) plant will remove tritium from the heavy water used in the reactor cooling and moderation systems. This will allow heavy water to be reused indefinitely without it becoming radioactive waste. The recovered tritium will also be safely stored and can be used for future fusion reactors. It is estimated that in 2026 the plant will be transferred to commercial operation.

## (ii) Medical Isotopes Project

Nuclearelectrica has launched a strategic project for the development and production of medical isotopes at the Cernavoda nuclear power plant, a project essential in supporting the health industry and fighting diseases such as cancer. This involves partnering with leading international companies such as **Laurentis Energy Partners**, a subsidiary of Ontario Power Generation, and **Framatome** to bring innovations in the production of radioisotopes used in advanced medical treatments. The project aims to produce medical isotopes, such as **Lutetium-177**, which is used for cancer treatments. The unique design of **CANDU** reactors allows the production of isotopes without affecting electricity production, making the Cernavoda plant an ideal location for this type of activity. The radioisotopes produced will be used in both therapeutic treatments and diagnostic medical imaging.

## (iii) The Intermediate Spent Fuel Storage Facility (DICA) - Nuclearelectrica

The **DICA** project is a strategic objective of Nuclearelectrica, designed for the long-term management of spent nuclear fuel resulting from the operation of Units 1 and 2 of the Cernavoda NPP. The repository is located about 700 meters from Units 1 and 2 and provides a safe and efficient solution for the storage of spent fuel, thus contributing to meeting international nuclear safety standards. Nuclearelectrica's spent fuel management policy involves:

- Wet storage in the reactor pool for a period of at least 6 years.

- Dry storage for 50 years, in the Intermediate Spent Fuel Storage Facility (DICA), realized in a phased approach.

DICA is being developed in stages, with 27 **MACSTOR** modules with a capacity of 12,000 spent nuclear fuel bundles per module. Currently, 10 **MACSTOR 200** modules are completed, each with the capacity to store 12,000 beams. Starting with module 10, the project foresees the implementation of the **MACSTOR 400** technology, which will increase the long-term storage capacity for spent fuel. The DICA project has been designed to cover the entire lifetime of Units 1 and 2, and in the case of the development of Units 3 and 4, it will be extended to cover the additional requirements for storage of spent fuel. There are also plans for the authorization and deployment of MACSTOR 400 modules as part of the long-term strategy approved by Nuclearelectrica. This project is essential for maintaining the operational safety of the Cernavoda nuclear power plant and contributes to the protection of the environment by providing a safe long-term storage system for spent nuclear fuel.

On 31 December 2024, SNN recorded a net profit of approx. LEI 1,708,188 thousand on a turnover of approx. LEI 4,680,534 thousand.
The gross electricity production of the two operational units of Cernavoda NPP was 10,911,981 MWh in 2024; from this gross production, the own technological consumption of the Units during operation, as well as during shutdowns ensured, from own production, was 893 thousand MWh.

Thus, the electricity generated and delivered in the National Energy System ("SEN") was 10,018,695 MWh in 2024, compared to 2023 (10,294,203 MWh), representing a decrease by 2.7%.

SNN is a base load producer, a matter related to the technology used and which needs, for the best use of production, the predictability of the energy market, doubled by a stable and equitable regulatory framework for all producers, under specific nuclear safety conditions of facilities and environmental, population and own staff protection.

SNN is a stability factor for the Romanian electricity market, both through base load delivery of electricity and predictable production cost.

As at 31 December 2024 SNN has the following subsidiaries:

| **Subsidiary** | **Activity** | **Registered office** | **participating interest % as at 31.12.2024** |
|---|---|---|---|
| Company EnergoNuclear S.A. | Engineering activities and related technical consultancy | Bucharest | 100% |
| Nuclearelectrica Serv S.R.L. | Repair of machinery | Cernavoda, Constanta county | 100% |
| Trading Company Fabrica de Prelucrare a Concentratelor de Uraniu–Feldioara S.R.L. | Processing of nuclear fuel | Feldioara, Brasov county | 100% |

## II. Summary of the governmental strategy in the field in which the Company operates, including the medium and long term sectoral and fiscal-budgetary objectives of the State

Romania's Energy Strategy 2025-2035, with the perspective of 2050 is a programmatic document that defines the vision and sets the fundamental objectives of the development process of the energy sector. The document also indicates the national, European and global benchmarks that influence and determine energy policies and decisions.

The vision of the Romanian Energy Strategy is to grow the energy sector in conditions of security, sustainability, economic growth and accessibility. Energy sector development is part of Romania's development process. The energy sector must ensure the uninterrupted physical availability of energy products and services at an affordable price for consumers.

Considering the imperative of energy security, in which the energy sector is facing significant challenges stemming from market fluctuations and regional vulnerabilities caused by the war provoked by the invasion of Ukraine by the Russian Federation and, implicitly, by Romania's geostrategic position at the eastern border of the European Union, it is necessary to build a resilient energy sector, able to react promptly and effectively in the context of any type of crisis, in order to guarantee continuous and secure energy supply.

In this context, Romania has the natural, financial and human resources needed to modernize the energy sector in line with the EU's 2050 climate neutrality objectives, and it must be ready to support the transformation of the economy as a whole, as well as improving the quality of life.

As a Member State of the European Union, Romania is firmly committed to meeting the targets of reducing greenhouse gas emissions, increasing the share of renewable energy sources and energy efficiency in all sectors.

The vision of the Romanian Energy Strategy is to grow the energy sector in conditions of security, accessibility and sustainability, ensuring economic competitiveness and a central place for the consumer, taking into account the EU climate targets for 2030, 2040 and 2050.

The fulfillment of the vision and objectives must take into account a number of principles that need to be fulfilled simultaneously:

- Prioritizing security of supply and crisis response capacity;
- Developing the energy sector on the principle of efficiency and economic rationality;
- Economic and social equity for regions and people;
- Achieving climate neutrality by 2050;
- Creating a free, competitive and entrepreneurial energy market;
- Technological neutrality and exploitation of all energy resources that can contribute to reducing emissions and strengthening the production chain;
- Developing the electricity and thermal energy storage sector;
- Strengthening the supply chain for the energy industry;
- Developing the circular economy (e.g. by using energy from industrial processes in efficient centralized heating and cooling systems);
- Energy efficiency first and foremost.

The Key Strategic Objectives are:

1. Energy security;
2. Low-carbon energy;
3. Energy efficiency;
4. Physical access to energy for all consumers and energy affordability and competitiveness;
5. Efficient electricity markets;
6. Digitalization, development of smart grids and cybersecurity.
   For Romania, expansion of the nuclear capacity up to 3,262 installed MW beyond 2031 translates, above all, into energy security and a significant contribution to achieving the decarbonization targets, plus: economic development along the entire value chain; economic and social benefits (development and jobs) for communities; positioning Romania as a know-how center and a major link of the regional supply chain; ensuring complementarity with renewable resources, as an essential and connected matter; and training a new generation of specialists, since Romania has been recognized internationally for performance and human resources.

## III. The vision of the Supervisory Public Authority and of its shareholders, the mission and objectives of the Company, as cascaded from the governmental policy for the industry of the Company

According to the National Strategy project for the development of the nuclear industry in Romania for the period 2021 - 2030, with the perspective 2050, document undergoing the environmental impact assessment procedure, in accordance with the main lines of action, convergent with those of the energy policy of the European Union, the general goals which shall be taken into consideration by SN are:

1. Operate the nuclear units under nuclear safety and security conditions for the staff, the population, the environment and the production assets;
2. Put in place the organizational framework for development of a group structure that should integrate all SNN subunits, branches and subsidiaries;
3. Continuously optimize and increase the efficiency of the organizational structure of SNN, develop and implement the human resources strategy across the company, by reference to the workload, as well as to complexity of the investments projects implemented;
4. Achieving the planned physical production of fuel bundles, in accordance with the approved income and expenditures budgets, respectively with the manufacture plans of Pitesti Nuclear Fuel Plant Branch;
5. Ensure energy generation at the industry related standards set by the Top 25% (top quartile - in WANO/INPO terminology) reactors in the world, from the since-in-service standpoint;
6. Capitalize generation of electricity under economic efficiency and predictability conditions;
7. Secure the financial performance of SNN under economic efficiency and medium-term and long-term sustainability conditions;
8. Develop investment projects in compliance with the approved investments goals;
9. Implementation of projects to modernize, integrate and secure the information flow and IT infrastructure;
10. Develop the internal control system within SNN;
11. Compliance with the principles of corporate governance and the code of ethics and integrity;
12. Consolidate the external communication strategy, as the basis for a sustainable development,

in close connection with the public acceptance of, and support to, the nuclear energy in Romania.

Within the context of the role that the nuclear power has in achieving the targets of decarbonization and ensuring energy transition towards an economy with carbon emission free energy, in conjunction with the strategic investment projects, SNN has the mission to generate clean energy at a standard of excellence.

## IV. Classification of the company in one of the following categories: commercial, monopoly or public service

The company Nuclearelectrica falls into the category of public enterprises acting for commercial purposes, within the meaning of Article 2, paragraph 2, letter (b) of the G.E.O. no. 109/2011, as subsequently amended and supplemented.

SNN is a Romanian legal entity, having the legal form of a joint-stock company and carries out its activity in accordance with the Romanian laws and the Memorandum of Association.

SNN, as an energy producer operating on the Romanian energy market and as a company listed on the stock exchange, operates in accordance with the legal framework applicable to national companies with majority state capital in Romania.

SNN also complies with the requirements of the authorizations and operating licenses it holds, internal regulations, the Code of Ethics and Business Conduct, regulations for the organization of General Meetings of Shareholders and of the Board of Directors, etc.

SNN is a company managed under single-tier system, governed by the General Meeting of Shareholders and the Board of Directors.

## V. Expectations related to policy on dividends policy applicable to the Company

SNN's dividend policy must comply with the provisions of Government Ordinance no. 64/2001 on the distribution of profit in national companies, national companies and commercial companies with full or majority state capital, as well as self-governed administrations, as subsequently amended and supplemented, which currently regulates the distribution of a minimum of 50% of the profit as payment/dividends to the state or local budget.

In accordance with the provisions of para. 3.1.14 of the Support Agreement approved by Law no. 74/2023, during the entire period of realization of the Project for Units 3 and 4 of Cernavoda NPP, a policy of dividend distribution will be implemented at "a *maximum level of 50% of the accounting profit remaining after deduction of corporate income tax"*

The dividend policy will be a responsible, prudent and predictable one, appropriate to the specific situation of the company and also respecting the company's investment needs for development, namely to ensure a balance between the distribution of profits and the provision of funds necessary to implement investment programs.

## VI. Expectations related to the investment policy applicable to the Company

The majority shareholder, the Romanian State, through the Ministry of Energy, is interested in and also concerned with the achievement of the investments projects of SNN which shall result, after the year 2032, in ensuring approximately 33% of the consumption needs and estimate of 66% of the energy without $CO_2$ emissions at the national level, as well as to avoid the release into the atmosphere of approximately 24 million tons of $CO_2$ annually.

Such results shall be obtained by achieving, but not limited to, the following categories of investments:

1. Projects needed to maintain the existing energy production capacities;
2. Projects needed to expand energy production capacity by approximately 2,000 MWe by the year 2032;
3. Projects needed to increase the footprint of the nuclear industry in Romania and in the region;
4. Projects needed for the safe management of the radioactive waste and used nuclear fuel.

Thus, during the next years, the management of SNN shall manage and put in place the projects related to the above-mentioned investments objectives in stages, so that it contributes to their progress, respectively to the achievement of the national objectives for the period subsequently to the year 2032.

In pursuing the proposed objectives, the supervisory public authority and the shareholders expect the company's directors and management to act with responsibility, prudence and transparency towards all stakeholders, in order to continue the activity, investment projects, further increase operational efficiency, optimize performance and sustainable development of the company.

The Ministry of Energy, as a Supervisory Public Authority, together with the Company's shareholders express their interest and concern for the realization of SNN S.A.'s investment projects, in order to sustain the development in conditions of efficiency, profitability and sustainability.

## VII. The expectations of the supervisory public authority and of the shareholders as regards to communication with the administration and management bodies of the public enterprise

The expectations of the Supervisory Public Authority and of the shareholders are in line with the provisions of the Emergency Ordinance no. 109/2011 on the corporate governance of public undertakings, as subsequently amended and supplemented.

The Supervisory Public Authority and the shareholders intend to support the activity of the Company in a constructive and transparent manner, by approaching an efficient way of working with the members of the management and governing bodies, in order to identify ways to improve the Company's performance and its efficient management.

It is important that there is mutual communication on any issues impacting on the company and/or the interests of shareholders, including the effective exchange of information on identified risks that may influence the proper fulfillment of the Management Plan.

The main reporting responsibilities of the SNN's Board of Directors to the supervising public authority shall include, but not be limited to, the following:

- ✓ annual report of the Directors
- ✓ the annual audit report
- ✓ the annual report of the Nomination and Remuneration Committee of the Board of Directors on the remuneration and other benefits granted to directors and managers during the financial year
- ✓ annual Financial Statements
- ✓ half-yearly report of the Directors
- ✓ half-yearly accounting reports
- ✓ quarterly reports on the economic and financial activity of the Company,

as well as the information provided for in the capital market laws, as the shares of SNN are listed on the Bucharest Stock Exchange.

The frequency of reporting information is provided for by the applicable normative acts and, as the case may be, by the need for assessing the activity of the members of the Board of Directors or of the executive officer with a mandate contract.

In the event that the members of the Board of Directors have indications that certain events will lead to significant deviations from the performance indicators established by the Management Plan, they are obliged to notify the supervisory public authority, in writing, as soon as possible after becoming aware of such indications. Non-significant deviations will be disclosed and explained in the quarterly reports. The degree of significance will be defined later.

For transparent communication and information to all stakeholders, good corporate governance practices require that the company's directors carry out a transparent activity and ensure the publication on the company's website of all public information required by applicable law.

## VIII. Expectations of the supervisory public authority and of the shareholders as to the quality and safety of the Company services

The activities of the Company shall be oriented towards fulfilling all the requirements and justified expectations of the stakeholders, unless this is likely to affect the interests of the Company and its shareholders.

Company needs to develop a culture of social responsibility based on business ethics, social and economic equity, environmentally friendly technologies, fair labor relations and integrity. The Company must also consider a medium/long term program on environmental protection and rational management of natural resources.

Through systems relating to the safe operation of production capacity and through continuous assessment processes, the Company shall ensure that the business is fully aligned with safety policies and objectives at all levels.

In addition, the Board of Directors, together with the executive management, shall continuously ensure and improve the Quality Management System at the level of the company. The quality management policy shall meet the requirements and expectations of the stakeholders.

## IX. Expectations related to ethics, integrity and corporate governance

### IX.1 Expectations related to ethics and integrity

In terms of ethics, integrity and corporate responsibility, the Company has implemented a Code of Ethics, which has established rules of behavior for management and employees, whereby they, in the performance of their duties, should act consistently, coherently and responsibly in strict accordance with the interests of the Company. The Code of Ethics is published on the Company's website

The Company has adhered to the fundamental values, principles, objectives and monitoring mechanism for the implementation of the National Anti-Corruption Strategy, developing an Integrity Plan for the implementation of this strategy.

The administrative and management bodies of the Company will also promote and maintain a sustained and formalized activity to inform and familiarize all staff with the principles and provisions of the procedural framework corresponding to the implementation of the National Anticorruption Strategy 2021-2025, with the legislation on whistleblowers and will act consistently to maintain integrity at the organizational level.

### IX.2 Expectations related to corporate governance

The members of the Board of Directors shall exercise their mandates with the prudence and diligence of a good director, with loyalty, in the interest of the company, fulfilling all the acts necessary for the realization of the company's object of activity, in compliance with the provisions of the Memorandum of Association and the relevant legislation.

The Board of Directors is tasked with performance of all the necessary and useful acts to attain the company’s scope of business.

The Board of Directors will have to set clear directions for the strategic development of the Company and ensure that its resources are allocated efficiently.

The Board of Directors will draw up corporate regulations as well as other specific internal regulations mentioned by applicable legislation.

The majority of the members of the Board of Directors shall consist of non-executive and independent directors within the meaning of Art. 138^2 of Law no. 31/1990, republished, as subsequently amended and supplemented. The Board of Directors shall delegate the powers of management of the company, under the conditions and within the limits provided by the law and the Memorandum of Association of the company.

The Board of Directors and the executive management will have to ensure the maintenance and development of the Internal Management Control System (IMCS), in accordance and in line with the standards of *the Order of the Secretary General of the Government no. 600/2018, on the approval of the Code of Internal Management Control of Public Entities*, as well as by assimilating international best practices in the field as a basis for ensuring transparency towards shareholders, while ensuring the alignment of those resources with the overall objectives of the organization as well as transparency towards the shareholders, in particular, but also towards all stakeholders, in general.

That is why the majority shareholder of SNN intends that the actions for increase in SNN transparency continue and in the future be aligned with the best practices, both from the perspective of regulations of the Bucharest Stock Exchange, and for the consolidation of SNN image as a reliable and long-term partner at national and international level.

## X. Assessment of the business environment in which the Company operates

SNN's activity takes place in a national and European energy context marked by the transition to clean energy, generated without carbon emissions, which aims at a sustainable and sustainable transformation of the economy in general and the energy sector in particular.

The energy sector is under pressure to rapidly implement decarbonization policies, but also to ensure the continuity of electricity production at the level required by the market.

The Group's investment projects contribute both to energy security and to the decarbonization process, and are source of clean energy, in accordance with the "Fit for 55" measures of the European Commission and the new Complementary Delegated Act that included nuclear energy under the scope of the EU Taxonomy on Sustainable Financing.

Completion of the Company's investment projects will lead, after 2031, to ensuring about 33% of the consumption needs and an estimated 66% of the energy free of CO2 emissions at the national level, as well as to avoiding the release into the atmosphere of approximately 20 million tons of CO2 annually. The Group has strategic investment projects in progress, including: Refurbishment of Unit 1; the Project of Units 3 and 4; development of small modular reactors in partnership with NuScale ("SMR"), and implementation of support projects for current operation, such as the Tritium Removal Plant. The Group's investment projects will bring clean CO2-free energy to Romania's energy stability, social and economic development, development of the nuclear industry and training of a new generation of specialists.

Romania has a diversified energy mix, which has so far allowed maintaining the resilience of the National Energy System (SEN) and overcoming stress situations. Between 2017 and 2024, the electricity generation structure changed due to the decommissioning of some fossil-fired generation units, with a total installed capacity of 5,508 MW. During this process, the installed capacity in the power system has been steadily decreasing, reaching a historic minimum of 18,254 MW in 2024.

Compared to other European countries with similar economies, Romania has a low electricity generation capacity. Although power plants with a cumulative installed capacity of 1000 MW were commissioned nationwide in 2024 (about 80% of this capacity being photovoltaic plants), the installation of new renewable capacity did not compensate for the decommissioning of two coal-fired units at C.E. Oltenia S.A..

The interruption in the supply of primary energy resources from outside the EU and the EU embargo on certain fuel sources are increasing Romania's energy vulnerability. Since energy supply underpins the state's ability to respond effectively to threats, the existence of constant energy sources is essential for the functioning of critical infrastructures (hospitals, communications, transportation and defense).

Therefore, in the context of geopolitical tensions and the risk of escalation of regional conflicts, Romania must be prepared to ensure the continuity of electricity supply to the national market.
In the context of political, social and economic efforts to support investments in renewable energy production, the decommissioning of solid fossil fuel based production capacities and due to the structural transformation of the economy towards low energy intensity production and services sectors, Romania is today among the countries with ambitious objectives and targets for meeting the EU energy and climate change targets for 2030, 2040 and 2050.

## XI. Assessment of the risks to which the Company is exposed

Starting from the activity complexity, SNN could face risks arising from various areas and fields, such as operational risk, market/price risk, credit/counterparty risk, competition risk, macroeconomic and legislative risks, risks related to the investments/ maintenance/ refurbishment works, risk related to the lack of specialized workforce.

The Board of Directors together with the contract managers should ensure the maintenance of a risk management process by which risk factors should continuously be identified and followed up with, the reasons of their appearance should be identified and the settlement actions should be established, for the purpose of reducing the exposure degree of SNN to the effects of certain inherent risks. SNN should approach the risk management proactively, by identifying and settlement of the risk factors, in order to fight against the possible losses and reduce risks at an acceptable level.

From this perspective, the future Board of Directors is expected to contribute to increasing the confidence of clients and stakeholders, to improve mandatory and voluntary reporting, internal control means, to ensure that resources are allocated efficiently for proper risk management, to reduce the company's losses.

Risk management must become an essential and indispensable component of every project, part of decision making, prioritization of actions/investments.

## XII. Expectations of the supervisory public authority and of the shareholders as to the capital expenditure, cutting down the costs and other business-related matters

The expectations of the supervisory public authority and its shareholders are mainly towards:

a) efficient management of assets and resources of a company;

b) increasing the turnover and profit;
c) debt reduction;
d) ensuring stocks necessary for the company's activity;
e) implementation of ESG and sustainability standards at the Company level;
f) optimization and efficiency of the organizational structure of the Company;
g) the management and phased implementation of projects related to investment objectives, in accordance with the approved revenue and expenditure budgets and investment plan;
h) efficient management of risks that jeopardize SNN investment projects.

In accordance with Art. 2, para. (3) of Annex no. 1b to Annex no. 1 of the G.D. no. 639/2023, "The letter of expectation describes the overall expected results, with indicative values, which are recommended to the administration and management bodies of the public enterprise, and recommends a number of performance indicators for the public enterprise."

Until the end of the Board's mandate (15.02.2027), the recommended performance indicators and their indicative values for NUCLEARELECTRICA Company are those that were established by the Order of the President of AMEPPE no. 651/24.12.2024, published in the Official Gazette of Romania no. 187/04.03.2025, respectively:

**Key Performance Indicators**

**I. Financial Ratios**

The categories of financial performance indicators mandatory and applicable to all public enterprises, according to the provisions contained in Art. 47 para. (2) of the G.E.O. no. 109/2011 are the following:

- investment policy
- funding
- operations
- rate of return
- profit distribution rate as dividends

**Financial indicators relevant to the specific activity of SNN**

- **Investment policy** with performance indicators:
  1. Capital expenditure rate:
     - *Capital expenditure ratio = Capital expenditure/Total assets;*
- **Funding** with performance indicators:
  2. Current liquidity ratio:
     - *Current liquidity ratio = Current assets /Current liabilities;*
  3. Debt to EBITDA ratio:
     - *Debt to EBITDA ratio = Total debt/ EBITDA;*
- **Operations** with performance indicators:
  4. Assets turnover ratio:
     - *Asset turnover rate = Net turnover/Average value of all assets;*
  5. Stock turnover rate:
     - *Stock turnover rate = Net turnover/Average stock value;*
  6. Debt turnover rate:
     - *Debt turnover rate = Net turnover/(Debtors at the beginning of the period_ $_{t0}$ + Receivables at end of period_ $_{t1}$)/2*

- **Rate of return** with performance indicators:
  7. Return on equity:
     - *Return on Equity (ROE)= Net Profit / Equity Value;*
  8. Return on Assets:
     - *Return on Assets (ROA)= Net Profit/Total Assets;*
  9. Operating profit margin:
     - *Operating profit margin = Operating profit/Net turnover;*
  10. Net profit margin;
      - *Net profit margin = Net profit_$_t$/Net turnover_$_t$;*
  11. Net turnover growth rate:
      - *Net turnover growth rate = (Current net turnover - Previous net turnover)/Previous net turnover;*
- **Dividend policy** with performance indicator:
  12. Dividend payment rate:
      - *Dividend payment rate_$_t$ = dividends paid_$_t$/Net profit_$_t$.*

| Item no. | Category of indicators | Key Performance Indicators | U.M. | Proposed indicative level (target) | | |
|---|---|---|---|---|---|---|
| | | | | 2025 | 2026 | 2027 |
| 1. | Investment policy | Capital expenditure rate | % | 2.69% | 2.69% | 2.69% |
| 2. | Funding | Current liquidity ratio | no. | 1.00 | 1.00 | 1.00 |
| 3. | | Debt to EBITDA ratio | no. | > 0 | > 0 | > 0 |
| 4. | Operations | Assets turnover ratio | no. | 0.28 | 0.28 | 0.28 |
| 5. | | Stock turnover rate | no. | 5.96 | 5.96 | 5.96 |
| 6. | | Debt turnover rate | no. | 4 | 4 | 4 |
| 7. | Rate of return | Return on equity (ROE) | % | 12.40% | 12.40% | 12.40% |
| 8. | | Return on Assets (ROA) | % | 10.77% | 10.77% | 10.77% |
| 9. | | Profit margin from | % | 24.92% | 24.92% | 24.92% |
| 10. | | Net profit margin | % | 25.17% | 25.17% | 25.17% |
| 11. | | Net turnover growth | % | 2.48% | 2.48% | 2.48% |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | rate | | | | |
| 12. | Policy on Dividends | Dividend payment rate | % | -50% -CPLV* | -50% -CPLV | -50% -CPLV |

*-According to the legal provisions in force

## II. Financial indicators relevant to the specific activity of SNN

**- Environmental indicators:**

1. Electricity consumption:
   - *represents the Energy consumption expressed in MWh;*

**- Customer indicators**

2. Customer satisfaction score:
   - *Customer satisfaction score_$_t$ = total number of ratings of 4 and 5_$_t$/total number of ratings_$_{t-1}$;*
3. Market share:
   - *Market share=Sales_$_t$/Total industry sales classified according to NACE_$_t$*

**- Employee indicators**

4. Average number of training hours per employee:
   - *Average number of training hours per employee=Total number of training hours_$_t$ /Total number of employees_$_t$;*
5. Establishing an employee safety system:
   - *Confirmation of the establishment of the system-Yes/No;*
6. Number of safety trainings:
   - *Number of safety trainings_$_t$ =The total number of safety trainings that have been carried out during the year;*

**- Indicators related to Corporate Governance**

7. Rate of independent members on the Board of Directors:
   - *Ratio of independent members in the Board of Directors = Total number of non-executive and independent members in the Board of Directors_$_t$/Total number of members in the Board of Directors_$_t$;*
8. Weight of fixed components in the remuneration of members of the Board of Directors:
   - *Weight of fixed components_$_t$ =Value of fixed components in the remuneration package_$_t$/Total value of the remuneration package_$_t$;*
9. Weight of variable components in the remuneration of the members of the Board of Directors:
   - *Weight of variable components i_$_t$ =Value of variable components in the remuneration package_$_t$/Total value of the remuneration package_$_t$;*
10. Total value of the remuneration package:
    - *Total value of the remuneration package = Value of fixed components of the remuneration package + Value of variable components of the remuneration package_$_t$;*
11. Number of meetings of the Board of Directors:
    - *Number of board meetings_$_t$=Number of Board of Director meetings held during the year_$_t$;*
12. Rate of attendance at Board meetings:

- *Rate of attendance at Board meetings*=$\sum_{t-1}^{N_t}$*Number of participants in meetings of the Board of Directors/Total number of members of the Board of Directors**$N_{\_t}$;

13. Setting risk management policies:
    - *Confirm policy setting - YES/NO;*
14. Rate of female members in the Board of directors:
    - *Rate of female members of the Board of directors*$_{\_t}$=*Total number of female members of the Board of directors*$_{\_t}$/*Total number of members of the Board of directors*$_{\_t}$;

**- Jobs creation**

15. Full-time equivalent number of employees:
    - *Full-time equivalent number of employees*$_{\_t}$ =*Total number of hours worked for all employees under contract*$_{\_t}$ /*Number of hours worked for a full-time employee*$_{\_t}$;
16. New jobs added during the year:
    - *Number of new jobs added during the year*$_{\_t}$ =*Number of full-time equivalent employees*$_{\_t}$ - *Number of full-time equivalent employees* $_{\_t-1}$;
17. Number of disabled employees:
    - *Number of disabled employees*$_{\_t}$ = *Number of administratively recognized disabled employees*$_{\_t}$;

**- Gender equality**

18. Rate of female senior managers:
    - *Rate of female senior managers*$_{\_t}$ = *Number of female senior managers*$_{\_t}$/*Number of female senior managers*$_{\_t}$;
19. Pay gap between female and male employees:
    - *Pay gap rate between female and male employees*$_{\_t}$=(*Average monthly earnings of male employees*$_{\_t}$ - *Average monthly earnings of female employees*$_{\_t}$)/ *Average monthly earnings of male employees*$_{\_t}$.

| No. | Category of indicators | Key Performance Indicators | U.M. | Proposed indicative level (target) | | |
|---|---|---|---|---|---|---|
| | | | | 2025 | 2026 | 2027 |
| 1 | Environmental indicators | Electricity consumption | MWh | -1.30% | -1.30% | -1.30% |
| 2. | Customer indicators | Customer satisfaction score | % | 72.00% | 72.00% | 72.00% |
| 3. | | Market share | % | 19.50% | 19.50% | 19.50% |
| 4. | Employee indicators | Average number of training hours per employee | no. h | 18 | 18 | 18 |
| 5. | | Establishing an employee safety system | YES/NO | YES | YES | YES |

| | | | | | | |
|---|---|---|---|---|---|---|
| 6. | | Number of safety trainings | no. | 4 | 4 | 4 |
| 7. | Indicators related to Corporate Governance | Rate of independent members on the Board of Directors | % | >50% | >50% | >50% |
| 8. | | Weight of fixed components in the remuneration of members of the BoD | % | 66.67% | 66.67% | 66.67% |
| 9. | | Weight of variable components in the remuneration of the members of the BoD | % | 0% | 0% | 0% |
| 10. | | Total value of the remuneration package | RON | according to the law | according to the law | according to the law |
| 11. | | Number of meetings of the Board of Directors | no. | 4 | 4 | 4 |
| 12. | | Rate of attendance at Board meetings | % | 100% | 100% | 100% |
| 13. | | Setting risk management policies | YES/NO | YES | YES | YES |
| | | | | | | |
| 14. | | Rate of female members in the Board of directors | % | 33.33% | 33.33% | 33.33% |
| 15. | Jobs creation | Full-time equivalent number of employees | no. | monitorin g | monitoring | monitoring |

| | | | | | | |
|---|---|---|---|---|---|---|
| 16. | | New jobs added during the year | no. | monitorin g | monitoring | monitoring |
| 17. | | Number of disabled employees | % | according to the law | according to the law | according to the law |
| 18. | Gender equality | Rate of female senior managers | % | 30% | 30% | 30% |
| 19. | | Pay gap between female and male employees | % | 0% | 0% | 0% |