[redacted]

Prime Minister's Control Body

[stamp: PRIME MINISTER'S CONTROL BODY, INCOMING/OUTGOING No. 6016,
DAY 10 MONTH 06 YEAR 2026]
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APPROVED,

Cornel-Nitu GROSU

[redacted]

Secretary of State

Head of the Prime Minister's Control Body

[stamp: SECRETARY OF STATE, [illegible], PRIME MINISTER'S CONTROL BODY]

REPORT on the inspection carried out at Societatea Nationala "NUCLEARELECTRICA" SA

I. OBJECT OF THE INSPECTION

On the basis of the provisions of Art. 4[1] para. (2) and Art. 9 para. (2) of Government Emergency Ordinance No. 87/2020 on the organisation and functioning of the Prime Minister's Control Body, as well as for the establishment of measures to improve its activity, and of *Order No. 139/15.10.2025*, as subsequently amended and supplemented, issued by the Secretary of State, Head of the Prime Minister's Control Body ("*CCPM*"), the designated team carried out checks at Societatea Nationala "NUCLEARELECTRICA" SA, with the following objectives:

- Verification of the activity carried out at company level with a view to implementing the project for the development of small modular reactors in Romania;
- Other aspects considered relevant by the control team, arising from the conduct of the control activity, with the written approval of the Secretary of State, Head of the CCPM.

The checks covered the period 01.03.2019 - present.

The inspection was carried out at the registered offices of SNN, ROPOWER NUCLEAR SA[1], as well as at the headquarters of the CCPM, on the basis of the data and documents transmitted by the representatives of the controlled entity, during the period 15.10.2025-20.03.2026.

II. DESCRIPTION OF THE CONTROLLED ENTITY

[1] The registered offices at Aleea Sinaia No. 18, 1st floor (administrative building), Doicesti, Dambovita County, and at B-dul Iancu de Hunedoara No. 48. carter st floors 1, 3, 4, 5 and 13. Sector 1. Bucharest

[redacted]

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Societatea Nationala “NUCLEARELECTRICA” SA[2] is a Romanian legal entity, having the legal form of a joint-stock company, established under Government Decision No. 365/1998[3], as subsequently amended and supplemented, as a result of the reorganisation of Regia Autonoma de Electricitate “RENEL”.

According to the provisions of Art. 5 *the Articles of Association of Societatea Nationala “NUCLEARELECTRICA” - S.A.* (Annex No. 1.2 to Government Decision No. 365/1998), the company’s object of activity includes, among others:

- the generation of electric and thermal energy by nuclear and conventional processes; the sale of electric and thermal energy produced by nuclear and conventional processes;
- the manufacture and sale of nuclear fuel; the creation and preservation of stocks of heavy water and nuclear and conventional fuel for the generation of electric and thermal energy;
- technological development, studies and projects, technical assistance, engineering, consultancy, expert reports, testing, for the nuclear energy programme and for research and development programmes managed by other bodies;
- production of radioisotopes and irradiation services, small-scale production of equipment, facilities, spare parts in the nuclear and conventional fields, etc.

SNN has an executive structure, in Bucharest, and two branches: Cernavoda NPP Branch, in Constanta County, and Pitesti NFP Branch, in Arges County.

The majority shareholder of Societatea Nationala “NUCLEARELECTRICA” - S.A. is the Romanian State, through the Ministry of Energy, and the general meeting of shareholders is the company’s collective management body, which decides on its activity and its economic policy.

SNN is also managed by a board of directors, made up of 7 directors/members, appointed by order of the Minister of Energy, for a period of 4 years.

In the period 01.03.2019 - present, the executive management of SNN has been provided by the General Manager, Cosmin GHITA.

III. ACTIVITIES CARRIED OUT

The inspection was carried out both at the headquarters of SNN, ROPOWER NUCLEAR SA, as well as at the headquarters of the CCPM, and the checks were performed on the basis of the documents drawn up/registered at SNN, ROPOWER NUCLEAR SA, SC

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[2] registered with the Trade Registry under No. J/40/7403/1998

[3] Decision No. 365/1998 on the establishment of Compania Nationala de Electricitate - S.A., Societatea Nationala Nuclearelectrica - S.A. and Regia Autonoma pentru Activitati Nucleare by reorganising Regia Autonoma de Electricitate Renel

Nova Power & Gas, the Ministry of Energy and transmitted to the CCPM.

The main activities carried out for the purpose of achieving the objectives of the inspection consisted of the following: requests for documents/data/information addressed to the above-mentioned entities; meetings with their representatives, in order to clarify the aspects pursued in accordance with the established objectives; examination and analysis of the documents made available by the representatives of the entities.

On 27.02.2026, the CCPM sent to the controlled entity[4] and to the Ministry of Energy[5], *Finding Report No. 1797/27.02.2026*, setting out the main conclusions resulting from the checks.

SNN drew up on 17.03.2026 a *SNN Position Paper on the aspects identified by the control team and recorded in the Finding Report*[6], the comments set out in the document being analyzed in this inspection report.

We note that, up to the date of drafting this report, the representatives of the Ministry of Energy have not submitted any position on the Finding Report.

IV. FINDINGS

1. General aspects

On the basis of cooperation between the United States of America and Romania, on 24.09.2019 a Memorandum of Understanding was signed between the U.S. Government and the Government of Romania on strategic cooperation in the field of civil nuclear energy.

The Memorandum was followed, on 09.12.2020, by an Agreement between the Government of Romania and the U.S. Government on cooperation in the development of the nuclear-electric projects at Cernavoda and in the civil nuclear energy sector in Romania, ratified by the Parliament of Romania by Law No. 200/2021[7].

Under the said Agreement, the SMR (Small Modular Reactor) Project was initiated, for the construction of 6 small modular reactors with a capacity of 77 MWe/module, having a total capacity of 462 MWe[8].

In this regard, through funding of USD 1.2 million provided by the USTDA[9], a study was carried out on Site selection for the implementation of the Small Modular Reactors

[4] by letter No. 1826/02.03.2026
[5] by letter No. 1825/02.03.2026
[6] No. SNN_GUV-26-01066-17-03-2026, registered with the CCPM under No. 2449/17.03.2026
[7] Law No. 200/2021 ratifying the Cooperation Agreement Towards the Cernavoda Nuclear Power Projects and the Civil Nuclear Power Sector in Romania between the Government of Romania and the US Government, signed in Bucharest on 9 December 2020 and in Upper Marlboro on 4 December 2020
[8] https://nuclearelectrica.ro/snn/proiecte-de-investitii/proiect-smr/
[9] United States Trade and Development Agency

Project.

This study, carried out by the US company Sargent & Lundy, had as its objective, in addition to making recommendations on Sites, the presentation of regulations and technologies that could be favourable to the development of the first SMR-type nuclear power plant in Romania.

According to the documentation communicated by SNN, **the study began on 6 May 2021 and was completed on 19.05.2022**, within it a number of 9 potential Sites (**recommended by SNN**[10]) were evaluated on the basis of predefined criteria. Subsequently, the study was revised on 29.09.2022, without changing the scores obtained by the top-ranked Sites (Section IV.1.1 of this report – page 5).

The U.S.–Romania Work Plan on civil nuclear cooperation regarding small modular reactors, signed on 24.05.2022, was followed by the *Implementation Strategy for the SMR Project*, Annex No. 1 to SNN GSM Note No. 10332/09.09.2022,

Subsequently, by EGMS Resolution No. 9/22.09.2022, the stages for implementing the SMR Project were approved.

In addition, the Articles of Incorporation of the company established for the implementation of the SMR Project (RoPower SA) and the Investors' Agreement, concluded for the same purpose between SNN and NOVA POWER & GAS SRL ("NPG"), were approved.

IV.1.1. Aspects from the Sargent & Lundy study relevant to the implementation of the SMR Project

The Sargent & Lundy report finalized on 19.05.2022 ("*Task 2 Report*") presents the evaluation of 9 potential Sites recommended by SNN and the scores obtained by them, based on predefined criteria.

This report was revised[11] by the Sargent & Lundy report entitled "*Task 3 - Site Selection*", namely *Report SL-016895 Revision No. 1 September 29, 2022*, which did not change the ranking and the scores obtained by the top-ranked Sites, only supplementing the justification for including the Doicesti Site in the evaluation[12].

The Sites which obtained the best scores following the Sargent & Lundy evaluation are:

1. the (*greenfield*) Site at [redacted] (other than the one at [redacted] ranked 5th), with a weighted score of 1099;

2. the (*brownfield*) Site at Doicesti, with a weighted score of 1091;

[10] On page 2 of the study
[11] page 111A and page 6 of the Sargent & Lundy study
[12]

3. the (*brownfield*) Site at [redacted] with a weighted score of 1073.

Thus, according to the evaluation carried out by Sargent & Lundy, the Doicesti Site ranked second according to the score awarded.

[redacted]

However, as regards the legal status of the Site, **Sargent & Lundy presented** [redacted] information, indicating [redacted] company as the owner, whereas, according to the documents provided to the CCPM, at that time the owner was GECO GARDEN PUB SRL ("*GGP*"), which had purchased the assets from TERMOELECTRICA SA[13], a bankrupt owner, for the amount of EUR 5,394,663.75, 75 euro, VAT included, the price payable by 30.11.2019.

IV.1.2. Presentation of the stages of development of the SMR Project

According to Annex No. 1 to SNN EGMS Resolution No. 9/22.09.2022, **the stages of development of the Project** were to be as follows:

✓ **Stage 1** – Front-End Engineering and Design 1 (called FEED) – period: **01.11.2022-01.07.2023**, a stage of planning, study, engineering and design activities, which comprises essential elements for defining the project, by reference to the conditions of the Site of the former plant at Doicesti and to the applicable national and international licensing and regulatory requirements. ***This stage was completed in December 2023***.

✓ **Stage 2** – FEED 2 – period: **01.06.2023 - 30.04.2024,** will develop the elements

[13] under the sale-purchase agreement with title retention concluded on 13.09.2019.

of FEED Phase 1 and, additionally, will involve a detailed definition of the project scope. The cost estimates will reach the Class 3 accuracy and will bring the project to the stage of preparing the placement of orders. During this period, the project financing details will be established, the notice related to State aid, the initial analysis of the IAEA. At the end of this phase, the final investment decision gateway takes place. ***This stage was completed in December 2025***.

✓ **Stage 3** – Engineering, Initial Procurement Phase, Site Preparation – period: **02.05.2024 -30.04.2026**. In this stage, the underlying documentation of the building permit application is submitted, the Environmental Impact Assessment Report is drawn up, and the site mobilization and preparation take place. Manufacture of the NuScale Power Modules is commenced and most of the detailed design is completed. Deep excavations are also performed, as well as other essential construction works[14].

✓ **Stage 4** – Construction – period: **01.05.2026 -03.03.2029**. This stage contains most of the construction activities.

✓ **Stage 5** – Commissioning – **04.03.2029 - 31.08.2029**. In this stage, the NuScale modules are installed, fuelled and inspected. The works on the 6 modules are staggered by approximately 1.5–2 months.

✓ **Stage 6** – Commercial Operation (**31.08.2029 -31.01.2030**) This stage is to start on the first day of selling the energy produced by Module 1 on the market.

IV.1.3. Brief presentation of the status of the SMR Project

According to[15] the representatives of ROPOWER NUCLEAR SA ("*RPN*"), the project company established through the association of SNN with NPG, the effective completion date of FEED 1 (Stage 1 - **deadline 01.07.2023**) was December 2023, and the cause of the delays was "delays *in communication with USTDA (contract updates) and in defining the design conditions specific to the project (…). These reasons caused issuance with a 2-month delay (…) and the formal completion of the project in December 2023*."

FEED 2 Phase (Stage 2 - **deadline 30.04.2024**) was completed in December 2025, and the delays were caused by: difficulties in identifying financing sources for the start of the FEED Phase 2 project; difficulties in obtaining corporate approvals from the entities involved (approval process initiated in April 2024); extension of the total duration of the project due to the redefinition and completion of the SoW (Scope of Work) with specific activities for the Doicesti Site.

[14] certain activities will extend beyond April 2026 and will overlap the subsequent phases of the project; among these, completion of the reactors and of the water pool walls.
[15] RPN letter No. 19/12.01.2026, forwarded by SNN under No. SNN_GUV 26-00157 16-01-2026

On 12.02.2026, by **SNN EGMS Resolution No. 1/12.02.2026, the adoption of the Final Investment Decision (FID)** in the Small Modular Reactors Project was approved with 92.47%, based on the Project Feasibility Study, as well as ***"the performance of the activities necessary for the Pre-EPC phase (Stage 3 of the Project)"***.

By EGMS Resolution No. 1/12.02.2026, the amendment of the *„scope of Framework Loan Agreement No. 1 dated 16 August 2023, concluded by and between SNN (as Lender) and RPN (as Borrower); however, provided that it stays within the limits of the credit line thus granted, for the purpose of extending the scope of this lending so as to secure financing also for the activities needed for the Pre-EPC Phase and, consequently, the execution by SNN of an addendum to Framework Loan Agreement No. 1/16.08.2023 to formalize this extension of the financing scope, bearing in mind that further on any drawdown of this loan by RPN (the Borrower) may only continue if no other sources are accessed to finance the NuScale SMR Project of Doicesti (share capital generated by changes in RPN's shareholding, bank loans, or other financing sources)"* was also approved.

According to SNN[16] GSM Note No. 00704/23.01.2026, item 3 – *Investment decision and associated conditions, it is mentioned that "at RPN level, within the Feasibility Study, 4 scenarios were analysed; of these, the scenario recommended by RPN is scenario A1.3 (…)* ***initially, only 77 MWe (gross) will be available, until the first NPM[17] demonstrates that it operates in accordance with the design, and the remaining modules will be purchased and commissioned*** *(Editor's note) Thus, scenario A1.3, provides for either of the following alternatives (i) only the first NPM module is purchased by RoPower, and the remaining 5 will be the responsibility of NuScale and will be paid for by RoPower only after the first NPM is fully operational, or (ii) RoPower purchases all 6 modules; however, subject to NuScale fully reimbursing the costs of the 5 modules, if the first NPM does not work as designed.*

The milestones foresee July 2033 as the Commercial Operation Date for the first NPM module, and December 2034 for the entire plant, depending on the commercial agreements entered into for acquisition of the 5 remaining NPM modules".

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[16] *NOTE regarding submission for approval by the Extraordinary General Meeting of SNN Shareholders of (i) the adoption of the Final Investment Decision (FID) in the Doicesti NuScale Small Modular Reactors (SMR) Project, based on the Project Feasibility Study, as well as of certain conditions, the fulfilment of which underpins the Project's feasibility and which, consequently, represent binding requirements conditioning the Project's feasibility, and of (ii) the performance of the activities necessary to commence the Pre-EPC phase of the Project (Stage 3 of the Project), and of (iii) certain measures necessary for the continued financing of the Project from the credit line granted to the project company RoPower Nuclear S.A. (RPN) by SNN, including with regard to the related guarantees in favour of SNN, and (iv) the authorization of SNN's representative in the General (Extraordinary) Meeting of Shareholders of RoPower Nuclear S.A. ("RPN") to vote on the above-mentioned items (i)-(iii)*

[17] Editor's note. **NuScale Power Module** (the NuScale Power Module), the basic unit of the small modular reactor (SMR) technology developed by the US company NuScale

Also, as regards the performance of the activities necessary for the Pre-EPC phase (Stage 3 of the Project), according to item 3.2 of the GSM Note mentioned above, in May 2026, *"proposals regarding the actual initiation of the pre-EPC phase (stage 3) and, implicitly, the approval of the budget, financing strategy, conclusion of the contracts and other activities specific to this stage, for which we currently estimate a duration of approximately 15 months, and the envisaged budget is approx. USD 600M, will be submitted for the approval of the GSM."*

The main contracts that should be concluded in the Pre-EPC Phase (Phase 3) are: The pre-EPC Contract, to ensure continuity of development of the existing Project and to minimise technical and interface risks; Extension of the Technology License Agreement ("TLA") with NuScale, to ensure uninterrupted access to licensed technology, technical assistance and proprietary design information; Environmental Impact Assessment ("EIA") contracts; Continuation of the licensing services agreement, which will ensure continuity of the regulatory engagement and licensing strategy; Geotechnical works contract, to support the detailed characterisation of the Site; Risk assessment contract.

We mention that **as at the date of drafting the Control Report, at SNN level, the Initiation of Stage 3 had not been approved at SNN shareholder level.** According to the SNN OGMS convening notice[18], which concerned the shareholders' meeting of 22.05.2026, this aspect was not on the agenda. The OGMS meeting scheduled for 22.05.2026 was rescheduled for 28.05.2026, since the quorum required for validating the deliberations was not met. The information analysed at CCPM level does not indicate any supplementation of the OGMS agenda by introducing an item concerning the submission to vote of the approval of initiating the next phase to ensure continuation of the Doicesti project.

In conclusion, from the analysis of the documents submitted by SNN, it follows that the stages of the Project, as initially established by EGMS Resolution No. 9/22.09.2022, are currently delayed, completion of the FEED 2 stage having been achieved with a delay of 20 months compared to the initially established timeline.

* * *

The standpoint[19] of the SNN representatives does not refute the conclusion, but rather provides justifications for the delays and classifies them as follows:

- delays caused by obtaining the necessary corporate approvals, materialised in delays in the approvals granted by the general meeting of shareholders;

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[18] registered at SNN under No. E-DCSRI-CONV-AGA-05592-16-04-26

[19] No. SNN_GUC-26-01066-17-03-2026, registered with the CCPM under No. 2449/17.03.2026

- delays generated by negotiation periods, securing financing, actually carrying out the works, the need to secure human resources, the need to perform complex and detailed analyses and studies, etc.

Although the SNN representatives argue that the delays "*cannot be directly imputed to SNN*", we note that the corporate approvals are provided for in SNN's constitutive act, the general meeting of shareholders is a statutory body of this company, the project company, at whose level additional works, detailed and complex analyses and studies were performed, was established under an agreement to which SNN is a party and in whose management it participates directly through its representative.

Also, the conclusion provides a clarification, in the context in which public information[20] supplied by the company gives the appearance of compliance with the planned stages.

IV.2. Performance of the SMR Project

IV.2.1. Selection of the Site for implementation of the SMR Project

Subsequent to adoption of the U.S.-Romania Work Plan on civil nuclear cooperation regarding small modular reactors (24.05.2022), by SNN GSM Note No. 10332/09.09.2022 the Implementation Strategy for the SMR Project (Annex No. 1) was approved and the Doicesti Site was selected for implementation of the SMR Project.

The choice of the Doicesti location prevailed in SNN's option although, according to the analysis carried out by Sargent & Lundy[21], **the said Site ranked second in the consultant's assessment**[22]**, the arguments**[23] put forward by the public enterprise for this choice being related to:

1. the speed of starting the project, the period needed to start the project at Doicesti being shorter than in the case of other Sites:

(i) given that the Doicesti Site was *brownfield*[24], and thus characterised by the possibility of a rapid start of the project;

(ii) acquisition of the Site did not require expropriations (there being a **single owner**) and did not involve uncertainties regarding the price;

(iii) the Iernut Site, ranked first in the Sargent & Lundy study, presented **risks that could block or significantly delay the project**, since there was already a gas-fired

[20] *"The FEED 2 objectives, essentially the data that determined the decision to obtain FID, were completed according to schedule (…)"* - excerpt from the current report as at 15.05.2026, communicated by SNN to the Bucharest Stock Exchange, pursuant to *ASF Regulation No. 5/2018 on issuers of financial instruments and market operations.*
[21] On page 61
[22] As appears from the documentation communicated to the CCPM, registered under No. 8089/19.11.2025
[23] Communicated by the letter registered with the CCPM under No. 8194/24.11.2025
[24] compared to the greenfield ones (which included the location with the highest score awarded in the study)

power plant in operation and a second one under construction, both owned by Romgaz, and their proximity to the nuclear reactors could have created **uncertainties regarding the feasibility of licensing the nuclear project;**

2. of a strategic, structural or economic nature:

(iv) considerations of national strategic opportunity[25];

(v) Doicesti benefits from the existence of a ***"secured industrial circuit regime of the land"*** (which previously hosted a thermal power plant), which shows **similarities in infrastructure with a nuclear power plant;**

(vi) the existence of synergies arising from the availability of the existing infrastructure represented by the existence of a high-voltage grid suitable for evacuating the entire output of the nuclear power plant (which is of an approximately equal size to the former coal-fired power plant at Doicesti), a grid that generated financial savings and time savings, as no new high-voltage lines had to be built. By comparison, in the case of the [redacted] Site, the existing high-voltage grid would not have supported the coexistence of both plants (gas-fired and nuclear), which would have required additional investment in the high-voltage grid.

(vii) although Romgaz had a plan to decommission the older plant (in the case of the [redacted] location), any potential cancellation or delay of this plan (which turned out to be the case over time) added uncertainty and additional costs regarding power evacuation.

In the same letter, SNN specified that the IAEA SEED mission of April 2024 confirmed that the Doicesti Site was suitable to be a nuclear site. The confirmation by the IAEA SEED mission of April 2024 (thus subsequent to the decision to select that Site) of the suitability of the Doicesti Site to become a nuclear site does not in fact represent an argument as regards its selection, although it ranked second in the assessment, nor does it disprove the suitability of the Site with the highest score to become a nuclear site.

* * *

The CCPM findings did not indicate that the site-selection decision was erroneous, but rather highlighted the exclusively principled and general nature of the arguments underlying the decision to select the Site that the consultant had evaluated and ranked second in its recommendations.

* * *

[25] With reference to the energy security analyses of the National Energy System (SEN), in the context of drafting the programmatic documents that were in the process of approval at that time, such as the National Integrated Energy and Climate Change Plan (NIECCP) 2021-2030, approved by *Government Decision No. 1076/2021, and the 2019-2030 Energy Strategy with an outlook to 2050*

In the standpoint[26] to the Finding Note[27] drawn up by the CCPM and sent to SNN, the representatives of the national company reiterate and supplement the arguments for which the Doicesti Site was preferred, but keep them within the same limits of generality and principle, as follows:

a) the fact that the Site was recommended by the Sargent & Lundy report;

b) the arguments presented in *SNN GSM Note No. 10332/09.09.2022*

Annex No. 1 Implementation Strategy for the SMR Project to *SNN GSM Note* No. 10332/09.09.2022 indicates:

- a preference for Sites of decommissioned or shut-down coal-fired power plants, where only the characteristics of the Doicesti Site are presented, characterised solely as the location of the former thermal power plant, of *brownfield* type, "thus presenting the advantage of the existing infrastructure and of the land with a use regime already established for power plants";

- *"strategic aspects related to the speed of implementation of the project".*

These arguments, presented by the SNN representatives to justify the selection of the Site, do not include and do not refer to any comparative analysis regarding estimates of the value and duration of acquisition, creation or rehabilitation of the infrastructure, at least as regards the Sites highly ranked in the Sargent & Lundy study.

c) arguments which the SNN representatives state result from "relevant reports"

The analysis of the content of the *"relevant reports"* indicates that what is presented in them consists of eminently general and principled conclusions, without a direct link to the Sites selected and assessed by Sargent & Lundy, a consultant which, at least in part, took them into account in its own assessment. The following arguments and the nature of the studies referred to are presented:

- the advantages and disadvantages of *brownfield*-type Sites compared to *greenfield* ones are presented in the standpoint[28] as being excerpts from a study[29] which, in its content, states that it represents only a guide that can be used for an analysis, not an analysis in itself;

- the advantages of transitioning Sites from coal-based power generation to nuclear-based generation, presented by reference to a study[30], likewise of a general

[26] No. SNN_GUC-26-01066-17-03-2026, registered with the CCPM under No. 2449/17.03.2026
[27] Finding Note on the inspection carried out at Societatea Nationala "NUCLEARELECTRICA" SA No. 1797/27.02.2026
[28] No. SNN_GUC-26-01066-17-03-2026, registered with the CCPM under No. 2449/17.03.2026
[29] *Advanced Nuclear Technology: Site Selection and Evaluation Criteria for New Nuclear Energy Generation Facilities (Siting Guide) 2022 Revision*
[30] ***Coal-to-nuclear transitions an information guide - DOE 2022***

nature, which concerns the technology transfer for a location between a functional coal-fired generating unit and a nuclear one and which also specifies the need for the decision on such a transition to take into account analyses regarding the generation capacity, the existing infrastructure or that which must be built onsite and the capacity of the existing infrastructure to adapt to the infrastructure of the future plant, etc.

- the savings in developing the nuclear power plant on a *brownfield* Site constitute an argument based on a study[31] whose results are eminently statistical[32], not applied to the situation in relation to which the decision was made to select the Doicesti Site.

At the same time, the standpoint[33] according to which it is also argued that the land pertaining to the [redacted] Site, the best-rated by Sargent & Lundy, *"was owned by multiple owners (over 100)"* and was classified as agricultural land, which *"would have led (…) to a delay of the project"* is relevant, but not supported by relevant[34] documents. Also, the statement by the SNN representatives in the standpoint[35], regarding *"higher project costs"* is not accompanied by comparative assessments carried out that would take into account the fact that, for a Site such as Doicesti, the costs of environmental remediation and of bringing the land to a condition that would allow implementation of the nuclear project were more than significant (in relation to the purchase value)[36].

***In conclusion*, the finding is maintained that the decision to select the Doicesti Site was based on general arguments, and was not backed by any comparative analysis of the technical and economic advantages and disadvantages that specifically characterise the Sites recommended in the Sargent & Lundy report.**

It must be reiterated that the CCPM team did not qualify the site-selection decision as erroneous, given that the Doicesti site was evaluated exclusively as being in compliance with nuclear safety standards, following the IAEA SEED missions of April 2024, but only highlighted the lack of concrete arguments, based on comparative analyses, to substantiate the decision to select the Site that the consultant had evaluated and ranked second.

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[31] ***Convergent studies DOE/Idaho National Laboratory US/IAEA***

[32] *"the development of a nuclear power plant on a brownfield Site (former coal-fired plant) can reduce investment costs by approximately 15%-35% compared to a greenfield project, depending on the degree of reuse of the existing infrastructure (public sources: sai.inl.gov, utilitydrive.com, energy.gov)"*

[33] No. SNN_GUC-26-01066-17-03-2026, registered with the CCPM under No. 2449/17.03.2026

[34] Thus, in the aforementioned standpoint, the SNN representatives refer, in order to provide documentary support for the description of the Site ranked first in Sargent & Lundy's preferences, to Annex No. 7 to letter No. SNN_GUC-26-01066-17-03-2026, an annex containing a satellite image and three cadastral sketches, which cannot be evaluated by the inspection team in the absence of a reference linking them to the Site recommended by the consultant.

[35] No. SNN_GUC-26-01066-17-03-2026, registered with the CCPM under No. 2449/17.03.2026

[36] [redacted]

IV.2.2. The legal status of the properties pertaining to the Doicesti Site, selected for implementation of the SMR Project

On **23.12.2021, NOVA POWER & GAS SRL** ("*NPG*") **purchased from** GECO GARDEN PUB SRL, under *Sale and Purchase Agreement No. 5.073* of 23.12.2021, an area of 170.59 ha (1,705,945 m^2), for a total price of EUR 7,300,000, made up as follows:

a) The price[37] for Property 1 (intended for development of NPG's Solar Project) - with an area of 118 ha (1,181,731 m^2) - EUR 1,000,000;

b) The price for Properties 2 (excluding the buildings on the land, which are to be demolished) and 3, properties with a total area of 52.4 ha (524,214 m^2), **relevant from the perspective of the Site of the future** SMR Project, to be paid as follows:

- an advance in the amount of EUR 1,800,000 (31.03.2022);
- the balance of the price, in the amount of EUR 4,500,000, to be paid within 3 days from the delivery of Properties 2 and 3, under the conditions set out in the agreement.

On 27.01.2023, NOVA POWER & GAS SRL and GECO GARDEN PUB SRL signed Addendum No. 2 to the *Sale and Purchase Agreement* [redacted] *of 23.12.2021*, under which the parties agreed on the payment of an amount of EUR 500,000 as part of the outstanding balance of EUR 4,500,000 in order to accelerate the pace of the demolition works assumed under the agreement, [redacted]

Thus, by reference to the data available, given the lack of information on how the seller delivered the land to the buyer, namely whether it fully or partially fulfilled the obligations that were a condition for collecting the agreed price, it can be concluded that **NPG purchased the property (which proved to be of interest for the SMR Project)**

37 [redacted]

at a price between:

- **EUR 2,300,000, if its delivery by 31.12.2023 took place without the release from environmental encumbrances and without demolition, land clearance and obtaining of the relevant permits having been carried out** *- and -*

- **EUR 6,300,000, if the seller had fulfilled by 31.12.2023 its obligations** to carry out the demolition (the costs of which, under the agreement, were to be borne by the seller[38]), clearance, obtaining of permits or approvals and release from environmental obligations/encumbrances.

[redacted]

IV.2.3. Establishment of the project company – ROPOWER NUCLEAR SA

By SNN EGMS Resolution No. 9/22.09.2022 (in which the majority vote belongs to the representative of the Ministry of Energy) **the Investors' Agreement was approved (regarding the association between SNN and NOVA POWER & GAS SRL[39] for the establishment of the *project company* – ROPOWER NUCLEAR SA),** the articles of incorporation of the project company – ROPOWER NUCLEAR SA, as well as the stages for implementation of the SMR Project.

The project company, ROPOWER NUCLEAR SA, was established on 26.09.2022; from incorporation to date, <u>the contributions</u> of the two shareholders to the share capital of the project company <u>have been equal</u>.

According to the *Articles of Incorporation* of ROPOWER NUCLEAR SA:

- the joint stock company has its registered office in Romania, Dambovita County,

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[38] *derive/result from environmental obligations/encumbrances related to Property* ***2. All documents necessary for the Demolition shall be prepared by the seller in the name of the buyer and at the seller's expense. For this purpose, the buyer expressly declares that it gives its consent for the seller to carry out, in the name of the buyer, all steps necessary for the Demolition, the seller being expressly authorised under this agreement to act in this respect. (…) The buyer expressly declares and warrants that it will not unreasonably prevent the seller from taking the actions or steps necessary to complete the Demolition obligation and that it will sign any documents required by law for the fulfilment of this obligation. (…) On completion of the Demolition obligation, the seller shall convene the buyer by written notice for the purpose of inspecting the land and drawing up a handover-acceptance report. (…) on the inspection date, the parties shall verify (i) whether Property 2 is free of all buildings, and (ii) whether Property 2 and Property 3 are free of any environmental encumbrance/obligation, an aspect clearly and unequivocally provided and certified by a letter from the competent authorities with regard to Property 2, and it shall be recorded whether the Demolition and delivery obligation has been fulfilled. (….) If the obligation to Demolish and deliver Properties 2 and 3 free of any encumbrances is not fulfilled by the Seller by the deadline (31.12.2023), the seller shall be liable to pay damages in the amount of EUR 4,500,000, which shall be automatically deducted from the Price, so that the buyer shall no longer be under the obligation to pay the balance of the price."***

[39] Subsidiary of E-INFRA SA (CUI 38647188)

Doicesti locality, Strada Aleea Sinaia No. 18, Administrative Building, 1st floor, being registered with the Trade Register under number J15/1604/26.09.2022, having Unique Registration Code 46901014, tax attribute RO. The core business of the company is: “Electric power generation”, noting that in a first stage the object of activity will be limited to preparatory activities related to the development phase of the nuclear power plant, namely engineering and technical consultancy in relation thereto;

- the purpose of establishing RPN is the development, raising of financing, design, construction and operation of an electricity-generation capacity from nuclear energy in Doicesti, Dambovita County, as well as the operation of an electricity-generation capacity from solar energy in Sotanga, Dambovita County;

- the (initial) share capital of RON 9,886,000 is divided into 9,886 shares held equally by SNN and NPG;

- it was stipulated that decisions regarding: the increase or decrease of the share capital, the amendment of the company’s duration (set as indefinite) shall be adopted by unanimous resolution of the general meeting of shareholders. Nevertheless, the quorum and majority requirements laid down in the *Articles of Incorporation*, by reference to the current shareholder structure and to the participation of the two shareholders (in the case of a second call of the OGMS), provide that the adoption of a resolution in the OGMS or the EGMS still requires a unanimous vote, since the achievement of a qualified majority (in the case of the EGMS and the first call of the OGMS) or a simple majority (in the case of a second call of the OGMS) of the votes cast is conditional upon unanimous agreement of the shareholders on the respective decision;

- as regards the **shareholders’ rights**, it was established, among other things, that **each of them may request or directly carry out, periodically, an audit/review of RPG’s activity, under conditions of unrestricted access to the premises and documents related to RPN’s activity;**

- Within the remit and powers of the EGMS, the following were established: the conclusion of any agreement exceeding EUR 5,000,000; any loan agreements (regardless of value); as well as the transition of the Nuclear Project from one phase to another, including Abandonment; approval of the Implementation Plan for the Nuclear Project;

- the management of RPN is organised under a one-tier system, namely by a board of directors made up of three members, elected by the OGMS, nominated, one each, by each of the two shareholders, and the third “*appointed by agreement of the parties (…) at the proposal of both shareholders*”. The powers of the board of directors are “*to make decisions only on matters that, according to the law, these Articles of Incorporation or* *the Investors' Agreement, do not fall within the remit of the General Meeting of Shareholders and which are not/cannot be delegated to the executive officers*";

- the general manager, appointed by the board of directors, possibly from among its members, has powers to manage the "*day-to-day activity*". The powers of the general manager shall be decided by the board of directors upon appointment.

IV.2.3.1. Aspects concerning the procedure applicable to the establishment of the project company

By *Order of the Minister of Energy*[40] *No. 1180/04.11.2021 ("OME No. 1180/2021")* it was laid down that the association procedure of the companies under the authority of the Ministry of Energy should be specific to each public enterprise in which the Ministry of Energy is sole or majority shareholder.

OME No. 1180/2021 did not stipulate a deadline for drawing up and adopting those procedures, but laid down that they were to be notified to the shareholder, namely the Ministry of Energy, within 5 days from approval by the executive and administrative management.

The purpose of the *Association Procedure* is to establish the steps and activities associated with the investor selection process for the initiation and/or implementation of SNN's investment projects by setting up project companies, and among the general principles to be taken into account in selecting the investors/investor are: the competitiveness, transparency and non-discriminatory nature of the selection process.

The SNN Board of Directors drafted and subsequently approved, by SNN BoD Resolution No. **254/13.11.2023**, the *Procedure on the establishment of mixed-capital companies* ("*Association Procedure*"), this being notified to the shareholders at the Ordinary General Meeting of Shareholders ("*OGMS*") of 04.12.2023, following which SNN OGMS Resolution No. 6/04.12.2023 was adopted.

The Procedure established at SNN level provides for exceptions (Art. 5.3.), meaning the possibility to "*enter into direct partnerships, with the prior approval of the General Meeting of Shareholders, for the purpose of establishing Special Purpose Vehicles,* (… where – editor's note –) *the fulfilment of the Project purpose and of the main business object of the Special Purpose Vehicle (…) may be ensured through/by contribution of a certain economic operator/investor, for reasons related to (…)* ***the investor being the owner of an asset required for project development".***

[40] *Order of the Minister of Energy on ceasing the applicability of the Procedure regarding the implementation of "Green/Brown Field" Projects by establishing IPP companies, with in-kind contribution consisting of assets of companies, national enterprises and autonomous corporations that are part of the Minister of Economy, Trade and Business Environment (MECMA) portfolio and contribution in cash from a prospective investor*

Thus, in the period 04.11.2021 (the date on which, in accordance with the provisions of Art. 1 of *OME No. 1180/2021*, the applicability of *OMECMA No. 1646/2012* ceased) – 13.11.2023 (the date on which the SNN BoD approved the *Association Procedure*) there were no rules (instituted at national level, in the energy sector or in that of public enterprises) to which SNN had to refer in conducting the process of selecting the private investor with which it was to associate in a project company, except for the European state-aid rules, namely Art. 107(1) of the *TFEU* (*Treaty on the Functioning of the European Union*), which, consolidated with the applicable case-law of the Court of Justice of the European Union, constitutes the rule governing public intervention in the economy.

***In conclusion*, the process of designating SNN's partner in the project company joint venture, namely NPG, and the manner of establishing and operating the project company (RPN), was carried out in the absence of a procedure instituted on the basis of *OME No. 1180/2021* and without a prior assessment of compliance with the European rules governing public intervention in the economy. [redacted] as regards the monitoring of the drafting and approval of the Association Procedure, during the period 04.11.2021** (the date of issuance of *OME No. 1180/2021*) – **22.09.2022** (the date of SNN EGMS Resolution No. 9/22.09.2022 approving the establishment of the project company), **this period of more than 9 months can be considered reasonable for the drafting of the Association Procedure, the need for such procedure arising precisely from the existence of the SMR Project and the lack of other applicable rules (except for the European state-aid rules). [redacted]**

The standpoint[41] of the SNN representatives invokes, as regards the conclusion on the Lack of a prior assessment of compliance with the European rules governing public intervention in the economy, the fact that "***on 4 June 2024*** (after adoption of the decision to enter into a joint venture with NPG), [redacted] *issued the 'Legal analysis from the perspective of state-aid legislation and performance of a Prudent Private Investor Test ("PPIT")', based on Contract No.* [redacted] *of 7 March 2024, concluded between* [redacted] *and RPN.*"

With regard to the decision of SNN to enter into a joint venture with NPG, **the author of the report stresses that it is not possible to assess the level of risk and the**

[41] No. SNN_GUC-26 01066 17 03 2026, registered with the CCPM under No. 2449/17.03.2026

arm's-length nature of the relevant decisions (even emphasising this caveat in the text of the PPIT), **thereby depriving of effect the considerations that SNN's representatives qualify as "*relevant conclusions*" of the PPIT.**

Even if, after its establishment, on 07.03.2024, RPN concluded with [redacted] Contract No. [redacted], on the basis of which [redacted] issued, on 04.06.2024 (*thus almost 2 years after RoPower was established*), the "*Legal analysis from the perspective of state-aid legislation and performance of a Prudent Private Investor Test ("PPIT")*", this is not relevant to the manner and grounds which underpinned the joint-venturing decision.

Also, according to SNN's standpoint invoked, when *the Investors' Agreement* was drawn up, it was stated therein that "*they shall periodically analyse the qualification of the Project Company from the perspective of the applicable legislation on economic concentration operations and shall take steps to obtain the unconditional authorisation from the Relevant Competition Authority as early as possible, but in any case before initiating any measures, actions or decisions which would lead to the Project Company being qualified as a fully functional company or any component of the Project being qualified as an economic concentration operation*".

Implicitly, it follows that, at the time the joint venture was established, the shareholders realised the need to perform the Prudent Private Investor Test (PPIT) and to take "*steps to obtain the unconditional authorisation from the Relevant Competition Authority*", yet both actions were disregarded when taking the joint-venturing decision.

Consequently, the arguments of SNN's representatives arising from the invocation of the "*Legal analysis from the perspective of state-aid legislation and performance of a Prudent Private Investor Test ("PPIT")" drawn up by* [redacted] cannot be taken into account in the assessment of the joint-venturing decision, nor can those based on excerpts from the *Investors' Agreement* regarding *"steps to obtain the unconditional authorisation from the Relevant Competition Authority*".

Moreover, even from the standpoint[42] provided by SNN's representatives and from the content of the *Investors' Agreement*, it emerged that at SNN level a risk had been anticipated that the joint venture between SNN and NPG and the company resulting from this joint venture might obtain "*an opinion or conditional authorisation or a refusal of authorisation from CEISD and/or the Relevant Competition Authority*", but they provided in this agreement the following remedy: renegotiation of the conditions for "*continuation of the operations of the Project Company and/or of the Project, in compliance with the*

[42] No. SNN_GUC-26 01066-17-03-2026, registered with the CCPM under No. 2449/17.03.2026

applicable legal requirements and those of the competent authorities" or even "*dissolution and liquidation of the Project Company, in accordance with the provisions of the Companies Law*".

In conclusion, **the joint venture between SNN and NPG was analysed ex post by a company specialising** in the assessment of such operations against the rules on State intervention in the economy, on which occasion the "*Prudent Private Investor Test in relation to the investment of Societatea Nationala Nuclearelectrica S.A. in Ropower Nuclear SA*" was carried out. The conclusion of this study was that, based on national and international investment practice, a private investor would have proceeded in a similar manner, the author of the analysis also noting that, as regards the decision to enter into a joint venture between SNN and NPG, ***"it is not possible to assess the level of risk attached to, or the arm's-length conditions of, decisions concerned".*** It should also be noted that the same study[43] included **a recommendation to obtain a formal standpoint from the Competition Council on the conclusions of that report.** The correspondence between SNN and the Competition Council, as well as the minutes of the meeting between the representatives of these entities of 11.06.2024, provided to the inspection team at CCPM's request, revealed the need to notify the European Commission of the joint venture for implementation of the SMR Project, **which however did not happen.**

Given SNN's shareholder structure, with a State majority[44], such a step was required in order to eliminate the risks of the investment being invalidated on grounds of breach of state-aid rules.

IV.2.3.2. Aspects regarding the reasoning of SNN's joint-venturing decision

The reasoning for SNN's joint venture with NPG, as it appears from the documents made available to the CCPM, **is based exclusively on the fact that NPG was the owner of the Doicesti Site, as well as on the experience of this company** and of the Group it belongs to, as follows:

A. The argument for NPG to be part of the joint venture, considering that it was the owner of the immovables pertaining to the Site, results from:

- *The Memorandum of Understanding (MoU)* concluded between NuScale Power OBS LLC, SNN and NPG, approved by SNN BoD Decision No. 102/22.05.2022, in which NPG was a party since it was the owner of the land located in Doicesti and envisaged participating in the development of a NuScale power plant onsite and making the Site

[43] page 53 PPIT
[44] 82.4980% according to the data provided on the BVB portal

available, in whole or in part, for the purpose defined by that understanding.

- *The report on the Prudent Private Investor Test in relation to the investment of Societatea Nationala Nuclearelectrica S.A. in Ropower Nuclear SA*[45], which shows (pp. 46–47) that the project company was established by associating with "*the owner of the land in the locality of Doicesti (…), given that the joint venture (…) was strategically based on facilitating the performance of site assessment and characterisation activities within the first stage of the project, aimed at defining certain essential elements for the Project by reference to the Site conditions*".

B. The experience of the private investor (NPG) is mentioned as a justification for the joint venture in the recitals of the Investors' Agreement[46] concluded between SNN and NPG, where NPG was presented as "*a company with experience in the construction and operation of power plants, as well as the sole, exclusive, registered, lawful and uncontested owner of the Land which it intends to use for the development of electricity-generation capacities, without having any interest in exploiting the Land as an asset in a real estate transaction*".

NPG was presented in the *Implementation Strategy for the Small Modular Reactors Project ("SMR Strategy")* as "*a diversified company in the energy sector (…) part of the Electrogrup Infrastructure ("E-INFRA") group, a company with 100% Romanian capital, with a 25-year history, active in EPC construction of energy, civil and telecommunications infrastructure through its subsidiaries Electrogrup and WESEE, and owner of critical infrastructure in the telecommunications sector through its subsidiaries Netcity and Direct One*". At the same time, the SMR Strategy also states that "*By entering into a joint venture with the E-INFRA group, SNN benefits from the contribution of a partner with experience in the construction, design and approval of energy infrastructure, which complements SNN's nuclear-operation component*".

The arguments which, according to SNN's representatives, underpinned the decision to enter into an equal-share joint venture with NPG **are neither valid nor rational** because:

- **NPG did not contribute to the project company, in its capacity as shareholder, the land required for project development as an in-kind contribution to the share capital**, as the *Investors' Agreement*, which formed the basis for the joint venture between SNN and NPG, provided that "*during the Stage / the Nuclear Project (…)* ***the Project Company shall have a call option over the Land***". **<u>Given the</u>**

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[45] drawn up by , communicated to the beneficiary RPN on 04.06.2024
[46] approved in the SNN GSM on 22.09.2022.

<u>**subsequent purchase of the land by the project company, SNN's joint venture with NPG has no logical or economic justification, and even less so an equal-share joint venture**</u>**.**

- **SNN did not assess NPG in terms of the experience it had and that was required for the development of the nuclear project** or related activities, by reference to other potential private investors in the sector, and **NPG's financial capacity was not analysed** in comparison with other private entities, which at that time led to NPG being favoured by being brought into the joint venture and, subsequently, to the lack of investment support from NPG, as NPG did not provide loans to the project company as SNN did;

- **SNN relied on the experience of the Group** of which NPG is part, but the subsequent steps did not reveal, within the **conventional framework established for the operation of the project company** (*the Investors' Agreement, the Articles of Incorporation*), any obligations corresponding to that experience.

Thus, **the documents made available to the CCPM to justify the joint-venturing decision did not contain any benchmarking against other public or private entities capable of "*complementing*" SNN's expertise and the project's financing needs.**

In conclusion, **the process which resulted in the decision for SNN and NPG to enter into an equal-share joint venture has no logical or economic justification and did not consist in any comparative assessment of potential private entities, carried out on the basis of quantifiable criteria by which the private partner should have demonstrated** (through acquired qualifications and experience and, possibly, through assessable offers) **its financial, technical and technological capacity** (possibly, complementary to that of SNN) **and its capacity to assume the risks of the project company's activity in the same proportion in which, after the joint venture, it would share decision-making control and results.**

Comparative assessments do not necessarily have to be carried out by publicly disclosing information that is sensitive from the perspective of the State's strategic interests, but they must be presented to the decision-makers, who should base their decisions on choosing the best of the possible options emerging from such an assessment, whereas in this case the joint-venturing decision appears to be the result of an exclusively bilateral negotiation.

[redacted]

[redacted]

* * *

The standpoint[47] of SNN's representatives reiterates the arguments already analysed, indicating as essential reasons for SNN's joint venture with NPG:

- ownership of the Site and NPG's intention, formalised in the Investors' Agreement, not to "*have any interest in exploiting the Land as an asset in a real estate transaction*"

With regard to this argument, the status of owner of a plot of land, which is not contributed as capital to a joint venture, does not constitute a valid argument to justify the joint-venturing decision, all the more so as the acquisition of that land by the project company was stipulated as a sale-purchase transaction in the same *Investors' Agreement* and was in fact carried out as such by means of a real estate transaction.

- the fact that NPG assumed "*a series of obligations in relation to the land, obligations which it is hard to believe an ordinary real-estate seller would have assumed*"

The obligations assumed by NPG, even if they involved refraining from any steps to dispose of the land or to erect other constructions, were subordinated to the initial objective of the Group of which NPG is part, expressly stated[48] by it, namely "*to participate (…) in the construction of the project through the EPC company Electrogrup (…)*" and were remunerated as such, including by a time update, carried out through the settlement of so-called "*capital costs*" under a rebilling agreement concluded together with the contract for the purchase of the Site by the project company. In this way, the works carried out onsite, largely by companies within the Group of which NPG is part, were "*rebilled*" to the project company, as will be shown in the section of the report relating to the acquisition of the Site.

- NPG's conduct, given the delay in the sale-purchase transaction, which SNN's representatives described as a demonstration "*that NPG was not interested in a real estate transaction*"

This is, to a large extent, a counter-argument, given that precisely this delay

[47] No. SNN_GUC-26-01066-17-03-2026, registered with the CCPM under No. 2449/17.03.2026

[48] In what was communicated to the CCPM by letter No. 1787/22.01.2026, NPG's representatives state in section "2. *Initiation of the dialogue with SNN and the change in the project paradigm*" that the initial intention of the representatives of E-INFRA SA (a shareholder of NPG) and NPG was "*to participate only in the construction of the project through the EPC company Electrogrup, without being an investor*", taking into account that "*Nova's limited financial capacity and lack of expertise did not, in the shareholders' opinion, qualify the company for this type of investment.*"

deprived SNN of the protection of the law[49], which required such a transaction to be treated in the same way as an in-kind contribution, i.e. to be approved at the highest level of governance, **to be based on a valuation carried out by experts appointed by the registrar and to be subject to statutory disclosure.** At the same time, during the delay of the transaction, the costs of the works and other costs, including the "*capital*" costs, were rebilled.

- no Romanian company can be assessed in the nuclear field, save for SNN

This argument does not relate to the CCPM's findings or conclusions; the assessment identified as lacking in the substantiation of the joint-venturing decision with NPG was precisely that concerning the evaluation of potential candidates with technical and technological capacity complementary to that of SNN, interested in entering into a joint venture with the State-owned company, based on quantifiable criteria by which the private partner should have demonstrated its financial, technical and technological capacity (possibly capacities complementary to those of SNN) enabling it to assume the risks of implementing a nuclear project.

Consequently, **the conclusion that the joint-venturing decision between SNN and NPG did not involve a comprehensive identification of potential private entities capable of participating in a project company set up for the purpose of implementing a nuclear project, nor a comparative assessment thereof based on quantifiable criteria allowing the selection of the most suitable private partner in terms of qualifications, acquired experience, financial, technical and technological capacity and capacity to assume risks, remains valid.**

IV.2.3.3. Aspects regarding the clauses of the instruments governing the establishment and operation of the project company

The joint venture was based on the *Investors' Agreement*, approved by the SNN EGMS[50] (in which the majority vote belongs to the representative of the Ministry of Energy) on 22.09.2022. The Agreement also had as its subject and purpose (Clause 2) the regulation of the establishment of the project company, the admission of new

[49] The provisions of *Companies Law No. 31/1990*, republished, as subsequently amended and supplemented ("*Companies Law*"), include rules aimed at protecting the other shareholders or creditors where a joint-stock company acquires, within a certain period after its incorporation, an asset of significant value from one of its shareholders. The protection of the other shareholders or creditors is ensured by the provisions of Art. 44^1 of the said enactment, according to which "*(1) The acquisition by the company, within a period of no more than 2 years from its incorporation or from the authorisation to commence its activity, of an asset from a founder or shareholder, in return for an amount or other consideration representing at least one tenth of the value of the subscribed share capital, shall be subject to prior approval by the general meeting of shareholders, as well as to the provisions of Arts. 38 and 39* (provisions applicable to in-kind contributions, namely the appointment of experts by the registrar, who shall draw up a report mainly concerning the valuation of the asset)*, shall be recorded in the trade register on the basis of the instrument transferring ownership, concluded in accordance with the law, and shall be published in Part IV of the Official Gazette of Romania.*"

[50] SNN EGMS Decision No. 9/22.09.2022

shareholders, as well as the stages of project implementation.

The Articles of Incorporation of ROPOWER NUCLEAR SA were approved by the EGMS at the same time as the adoption of the *Investors' Agreement* concluded on 22.09.2022, to which the *Articles of Incorporation* were attached as Annex No. 5.

It should be noted that, **according to the provisions of Art. 10.10 of the *Investors' Agreement*, *"if, during the term of this Agreement, there are conflicts between the provisions of the Agreement and those of the Articles of Incorporation, the provisions of the Agreement shall prevail"*.**

Under these conditions, the provisions of RPN's Articles of Incorporation and of the *Investors' Agreement* concluded between SNN and NPG must be analysed as a whole.

2.3.3.a. The analysis of the clauses set out in the Investors' Agreement revealed the following:

A. The provisions of the *Investors' Agreement* regarding the shareholders' obligations and rights are not symmetrical, at least as regards the financing of the project company. The provisions concerning the financing of the nuclear project, Clauses 4.11.2 and 4.11.3 on shareholder loans, provide, at least in an initial form[51], that NPG shall grant the project company a loan for the purchase of the land, while SNN "*may grant the Project Company shareholder loans in accordance with the financing plan for Stage I*". Although presented as a "*right*" of SNN to finance the project company, making available to RPN the financial resources needed for Stage I is not to be understood as a mere "*option*", but, in relation to the obligation set out in Clause 3.3, constitutes a "*right*" whose exercise must result in compliance with the agreed budget and financing plan.

B. The provisions of the *Investors' Agreement* regarding the shareholders' obligations and rights are not proportionate, as illustrated, for example, by the situation where the shareholders intend to exit the joint venture and realise the receivable held as a result of the loan granted to the project company. In such cases, there is an excess of rights for NPG and a multitude of obligations incumbent on SNN where the private shareholder exercises its option to assign its own shares and/or the loan granted to RPN. This is illustrated by the following provisions:

- Clauses 10.2.16–10.2.19 regulate NPG's possibility to exercise its right to sell its shares in RPN to SNN, "*at any time during the term of this Agreement*", as well as SNN's obligation to purchase the shares or to cause/appoint the designated third party to purchase them;

[51] subsequently, by the SNN EGMS approval of the intended use of the loans granted by SNN to RPN, the provision concerning NPG's financing obligation was circumvented.

- Clause 10.2.20 provides for NPG's right to assign its loans and SNN's corresponding obligation to take over those loans at a price equal to their nominal value plus "*a return*" calculated in accordance with specific clauses of the *Investors' Agreement*.

We note that the provisions of the clauses of the *Investors' Agreement* governing NPG's possibility to exercise its right to sell its shares in RPN to SNN were reflected in an almost identical manner in Annex No. 2 "*Assignment and Transfer of Shares*" to the *Articles of Incorporation* of RPN. In support of the argument that the provisions of the Investors' Agreement regarding the shareholders' obligations and rights are not proportionate, we also note that in Art. 1.2 letter (F) of Annex No. 3 "*Sub-clause 6.1 of the Investors' Agreement*" to the *Articles of Incorporation* it is stipulated that failure to fulfil the obligations set out in Clause 10.2 of the Investors' Agreement, including SNN's obligation to purchase NPG's shares where the latter formalises its intention, constitutes an "*Event of Default*".

In addition, the imbalance between the obligations and rights of the two shareholders also resulted in a disproportionate allocation of the risks generated by these provisions. SNN's additional risks were identified[52] later, namely on 27.02.2025, during a meeting held between representatives of the Ministry of Energy and SNN, when, as regards the topic "*The sale-purchase transaction of the Site and the Rebilling Agreement*", the representatives of the Ministry pointed out that "*according to the Investors' Agreement (…) SNN is under an obligation to take over, by way of contract assignment, in whole or in part, the shareholder loans granted by NPG to the Project Company*" and, given the risk that SNN "*may end up paying a 12% return to NPG*", they "*suggested that the possibility that the Rebilling Agreement would not be financed by NPG be taken into account*".

***In conclusion*, the provisions of the *Investors' Agreement* do not grant symmetrical rights and obligations to the two shareholders throughout the operation of the project company and the implementation of the project, which means that <u>the shareholders' risks are</u> likewise <u>allocated disproportionately</u>, <u>to the detriment of SNN</u>.** The analysis of the provisions governing how NPG is to exercise its right to sell its shares in RPN, as well as those regulating the financing of the project by means of shareholder loans, showed that the public enterprise is exposed to a credit risk in relation to the project company, but that this risk is actually lower than it would be if the private partner were to fulfil its financing obligations laid down in the agreement. In practice, **the private**

52 [redacted]

partner's participation in the project was secured through the *Investors' Agreement*, whereas SNN did not reserve for itself, under the Investors' Agreement, at least a condition for the granting of the return depending on NPG's actual financial contribution, nor does it have any right to withdraw from the joint venture and recover the loan extended to the project company, on terms equivalent to those laid down for the benefit of NPG.

Such a disproportionate sharing of the risks, i.e., the asymmetric allocation of some of the rights and obligations, does not apply also to overall decision-making control over the business activity, which, under the terms of both the Investors' Agreement and the Articles of Incorporation, are perfectly balanced. Such decision-making balance can be easily seen in the powers and duties reserved to the GMS, the BoD and the CEO, according to which **SNN may not decide on any matters relating to the SPV's business activity, unless such decisions are backed by the private shareholder.**

Under these conditions, **the business model proposed and followed by SNN created the risk that, following a subsequent review, deviations from the rules governing State intervention in the economy might be found.**

* * *

The standpoint[53] of SNN's representatives puts forward the following counter-arguments to the CCPM's conclusion, as follows:

- the conclusions of this section are contrasted with CCPM findings that were in fact never made. By way of example, SNN's representatives argue that a finding that NPG was chosen as a partner in view of the fact that it is the owner of the Site could be interpreted as qualifying NPG as "*a 'nominal' shareholder only*"

- the disproportion between the sharing of risks, through the exclusive protection of the private partner by establishing a withdrawal right, is presented as a "*strategic approach*", whose purpose was for NuScale technology "*to remain at all times under the control of the Romanian State*"

The argument put forward by SNN's representatives does not relate to the actual and potential steps as a result of which, in its current form, none of the partners can control the project company alone, and in the situation envisaged of bringing in a third partner, the control of the Romanian State (through SNN) would be even more limited;

- an aspect laid down in the *Investors' Agreement* is presented, assessed as being "*of particular strategic importance*", probably as a counterweight to the benefits of NPG set out in the Findings Note, namely the provision that "*after*

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***completion of the Nuclear Project, SNN or one of its Affiliates shall, to the extent permitted by law, be the operator of the Nuclear Power Plant, under a contract to this effect concluded by the Project Company with SNN or its Affiliate*". ** The standpoint specifies that this "advantage" for SNN will materialise, after the project is commissioned, in a "*very significant line of business (…) extending over a very long period of time (60 years …), generating substantial profit*", and that these advantages should have been taken into account by the CCPM control team, which formulated the conclusion on the disproportionate sharing of risks through the asymmetric allocation of some of the rights and obligations in the *Investors' Agreement*.

The control team assessed this "*advantage*" for SNN and considers that, in fact, the operation of the Nuclear Power Plant is itself an obligation, and that NPG will benefit, in equal shares, proportionally to the number of shares it holds, from the profit generated by the sale of the electricity produced. In addition, it considers that materialisation appears to be conditional on the continued existence of the provisions of the Investors' Agreement, which in turn depends not only on amendments to that instrument, but even on the possible exercise of the other partner's withdrawal right. In this respect, it cannot be said that the balance between the obligations and rights of the two partners is an even one.

Another aspect put forward in the standpoint[54] of SNN's representatives which does not appear, in fact, to be an argument against the findings and conclusions of the Findings Note, but rather a **disclaimer of liability for the situation highlighted in this section, is that "*this entire Strategy and the Investors' Agreement were approved, in September 2022, by the SNN Extraordinary General Meeting of Shareholders, a body in which the Romanian State, through the Ministry of Energy, has full control (…)*".**

2.3.3.b. Amendment of the *Articles of Incorporation:*

RPN's Articles of Incorporation have been amended, either by express approvals in general meetings of shareholders or by implicit approvals of the "*updated*" Articles of Incorporation, attached to the resolutions of the respective meetings.

Below are the amendments considered relevant in light of the findings made:

Initial version of the Articles of Incorporation	**Amended version of the Articles of Incorporation**
Amendment made by adoption of RPN EGMS Resolution No. 7/27.06.2023 (increase of the share capital to RON 29,886,000) and RPN EGMS Resolution No. 10/29.08.2023 (increase of the share capital to RON 39,886,000)	
7.1. The share capital (…) is RON 9,886,000	7.1. The share capital (…) is RON 39,886,000

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(…) the equivalent of EUR 2,000,000 (…).	(…).
Amendments made by adoption of RPN EGMS Resolution No. 1/29.05.2025, reiterated by RPN EGMS Resolution No. 4/01.08.2025, based on considerations related to the “requests regarding the form and content to be included in the EGMS Resolution on the amendment/update of the Company’s Articles of Incorporation”	
13.12.2. **Powers and duties of the Extraordinary General Meeting of Shareholders** 13.12.2.1. In addition to the aspects provided for by law (…): (a) execution by the Company of any contract that exceeds EUR 5,000,000; (b) execution by the Company of any loan agreements; (…)	13.12.2. **Powers and duties of the Extraordinary General Meeting of Shareholders** 13.12.2.1. In addition to the aspects provided for by law (…): (a) execution by the Company of any contract that exceeds EUR 50,000,000; (b) execution by the Company of loan agreements, in accordance with the limits of authority set out in Annex No. 4; (…)
13.12.2.2. (…) The Extraordinary General Meeting of Shareholders shall also decide (…) (g) on the setting up of a pledge, mortgage or other encumbrance, or the granting of any option by a shareholder on any of the shares held by them in the Company and any interest related to these shares; (…)	13.12.2.2. (…) The Extraordinary General Meeting of Shareholders shall also decide (…) (g) on the setting up of a pledge, mortgage or other encumbrance, or the granting of any option by a shareholder on any of the shares held by them in the Company and any interest related to these shares, in accordance with the limits of authority set out in Annex No. 4; (…)
19.1. The Board of Directors shall make decisions only on matters that (…) do not fall under the scope of powers of the General Meeting of Shareholders and which are not/cannot be delegated to the executive officers.	19.1. The Board of Directors shall make decisions only on matters that (…) do not fall under the scope of powers of the General Meeting of Shareholders and which are not/cannot be delegated to the executive officers. In this respect, the limits of authority (…) are laid down in Annex No. 4 (…)
-	**Annex 4 Limits of authority** (an annex which did not exist in the case of the previous Articles of Incorporation) provides as follows: - approval by the GMS only in the case of contracts with a value higher than EUR 50,000,000 and of loan agreements and the establishment of guarantees with a value higher than EUR 5,000,000; - approval by the BoD for launching procurement procedures higher than EUR 2,000,000, for concluding contracts with values between EUR 20,000,000 and EUR 50,000,000 (inclusive), and for the establishment of guarantees lower than EUR 5,000,000; - approval by the CEO of transactions below the above limits, namely: launching procurements with a value lower than EUR 2,000,000 and concluding contracts below EUR 20,000,000.

Under these conditions, the amendment of the *Articles of Incorporation* resulted in an increase of RPN’s share capital and an increase of the thresholds from which the general meeting of shareholders, the board of directors and the CEO have the authority to grant approval.

According to the principle of symmetry of legal acts, any step to amend RPN's *Articles of Incorporation* from the version attached to the *Investors' Agreement*, approved by a resolution of SNN's general meeting of shareholders, in the absence of express delegations granted by this SNN corporate body to SNN's BoD or to SNN's representative in RPN's GMS, had to follow the same approval circuit. On the basis of this legal principle, the amendments to *Annex No. 8* to the Investors' Agreement were approved by *EGMS Resolution No. 4/09.04.2025*, but not the amendments to *RPN's Articles of Incorporation*, which constitute *Annex No. 5 to the Investors' Agreement*. Some of the amendments to RPN's *Articles of Incorporation* constitute a transfer of authority from the general meeting of RPN's shareholders (where SNN, through its representative, holds 50% of the votes) to governance and management structures whose decisions do not require direct and special mandates granted by SNN's management, namely powers were transferred:

- from the RPN EGMS to the CEO for approval of the conclusion of contracts between EUR 5,000,000 and EUR 20,000,000;

- from the RPN EGMS to the RPN BoD for approval of the conclusion of contracts between EUR 20,000,000 and EUR 50,000,000 and the contracting of loans/establishment of guarantees lower than or equal to EUR 5,000,000.

By *RPN EGMS Resolution No. 1/**29.05.2025***, Article 8 approved "*the amendment of the RoPower Nuclear Articles of Incorporation, which shall have the form and content set out in Annex No. 1*".

Since the control team was not provided with a signed version of *Annex No. 1* to that resolution, in order to determine the nature of the amendments to the document, clarifications were requested from SNN's representatives regarding the substance of these amendments from the perspective of the mandate/power of attorney granted to SNN's representative [redacted] in the general meeting of RPN's shareholders.

The mandate granted to SNN's representative in the general meeting of RPN's shareholders, i.e. *Power of Attorney SNN_ROPOWER-25-02764-28-05-2025*, was to cast a vote "*in favour of the items on the agenda (…), as follows: (…) (viii) Approval of the amendment of RPN's Articles of Incorporation, which shall have the form and content set out in Annex No. 1 hereto*", and the power of attorney was not communicated to the CCPM with its annexes.

Given that *Power of Attorney SNN_ROPOWER-25-02764-28-05-2025* was granted on the basis of *SNN BoD Decision No. 88/08.05.2025*, the provisions thereof were analysed and it emerged that it approved the launch and conduct "*by SNN's executive management* *of discussions with (…) NPG*" for the purpose of convening the RPN EGMS, having among the items on the agenda "*(viii) Approval of the amendment of RPN's Articles of Incorporation*", in the form thereof presented in the *Note regarding the submission for approval of certain measures concerning the acquisition, by purchase (…) of the Land (…), as well as the granting of a mandate to SNN's representative in the RPN General Meeting of Shareholders (GMS) to attend and vote on the amendment of RPN's Articles of Incorporation and on aspects related to the acquisition by RPN of title to the Doicești Site, registered under No. DDI-CA-25-00791-30/04.2025.*

According to *Note No. DDI-CA-25-00791-30/04.2025*, the "*Need for and opportunity of amending RPN's Articles of Incorporation*" is presented, including by amending the powers and duties concerning the approval of contracts with a value lower than or equal to EUR 20,000,000 for the CEO, those with a value higher than EUR 20,000,000 and up to EUR 50,000,000 (inclusive) for the board of directors, and those with a value higher than EUR 50,000,000 for the general meeting of shareholders, whereas previously, under *RPN's Articles of Incorporation, annexed to the Investors' Agreement approved by SNN EGMS Resolution No. 9/22.09.2022*, this was provided as an RPN EGMS prerogative regarding the "*execution by the Company of any contract that exceeds EUR 5,000,000*".

In conclusion, by *RPN EGMS Resolution No. 1/**29.05.2025***, the **limits of the powers to conclude and approve contracts were amended to the effect that the minimum threshold above which the EGMS had to approve a contract was raised from more than EUR 5,000,000 to more than EUR 50,000,000, while approval of contracts between EUR 20,000,000 and EUR 50,000,000 (inclusive) was placed under the BoD's scope of powers, and the power to approve contracts worth up to EUR 20,000,000 was assigned to the CEO.**

With regard to the **justification for the need for and opportunity of amending the powers within NPG**, as set out in *Note No. DDI-CA-25-00791-30/04.2025*, endorsed by the directors of the Development and Shareholding Management Department, the Legal and Corporate Governance Department and the Investment Development Department, which note was the basis for *SNN BoD Decision No. 88/08.05.2025* and indirectly for the mandate (*Power of Attorney SNN_ROPOWER-25-02764-28-05-2025*) granted to SNN's representative for the adoption of RPN EGMS Resolution No. 1/29.05.2025, the following is stated: "***Compared to the time when the Articles of Incorporation were drafted (…), approved by Resolution No. 9/22.09.2022*** (Resolution No. 9/22.09.2022 of the SNN EGMS, in which the majority vote was that of the representative of the Ministry of Energy – editor's note), *at the level of the project company (RPN) there has been* ***a development in terms of the operations carried out and expected to be carried out in the future, a development which led to the need to update RPN's Articles of Incorporation in order to: (i) to address the need to ensure that decisions at company level are taken by the competent corporate bodies, which are best placed to decide on the appropriateness of a transaction, given that most of them are technical in nature and, on the other hand, (ii) to provide a flexible framework for decision-making in the implementation of the project, so as to keep to the FEED 2 stage schedule and, implicitly, the Project schedule, as approved by the implementation strategy, based on SNN EGMS Resolution No. 9/22.09.2022".***

Without assessing how the need to amend the powers was presented, the review of the resolutions of the RPN general meeting of shareholders and of the Project implementation strategy did not identify which are those operations carried out and envisaged, when the latter are scheduled to be performed, for SNN's BoD to promote to the RPN EGMS a "*transfer of assumption*" of the approval of contracts up to the amount of EUR 50,000,000, nor to what extent the approval in the RPN EGMS of contracts of significant value, but lower than EUR 50,000,000, creates decision-making inflexibility affecting the project implementation timetable.

On the other hand, RPN's *Articles of Incorporation* do not define the phrase "*contract value*" used to set the competence thresholds for the approval of the respective contracts.

In conclusion, from the review of the initial versions of the Investors' Agreement and of RoPower's Articles of Incorporation, as well as of the amendments made to these two documents, a sequence of steps can be seen that were taken in order to remove RoPower's operational and strategic activity from the direct control of the shareholders (leaving only the formal control provided for in Law No. 31/1990), as well as from the scope of the legal rules applicable to companies with majority State-owned capital and of the principles developed by the Organisation for Economic Co-operation and Development regarding the corporate governance of State-Owned Enterprises.

At least as regards the intention to remove RoPower from the scope of the rules applicable to public/sectoral procurement, [redacted] NPG specified that the purpose of the steps **was to create the possibility to "*purchase*** *NuScale technology* ***without a public tender*"**[55], thus, implicitly, to create **a non-transparent and non-competitive framework** of activity at RoPower level.

---

55 [redacted]

[redacted]

*   *   *

The standpoint[56] of SNN's representatives does not put forward any counter-argument to the CCPM's conclusion, except for qualifying as erroneous "the so-*called statement by NPG, according to which the purpose of this association was to purchase NuScale technology without a public tender (…)*"

Even though the position of SNN's representatives is correct in the sense that the acquisition of a technology held under a licence, patent or exclusive right, even by a contracting authority or entity that applies the legislation governing public/sectoral procurement, is not carried out by public tender, SNN overlooks the fact that, in addition to the acquisition of specific technology, the logistical preparation of the nuclear site requires a large volume of procurements which, in the absence of the above-mentioned steps, should have been subject to public procurement legislation.

Thus, the conclusion formulated by the CCPM team refers strictly to the fact that the way in which the project company was established meant that the national and European legislation on public procurement did not apply to it for the award of contracts for the procurement of goods, services and works, even if these are intended for the implementation of the nuclear project and even if the financing is provided by a public entity through a market-based loan.

In terms of the overall assessment of the appropriateness of initiating and carrying out steps by which a public entity enters into an association with a private one, it is obvious that the role of a project company set up by association between the public and the private enterprise is to develop a project while reducing the State's risks and attracting private financing; however, these conditions do not seem to have been met so far and within this contractual framework.

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IV.2.4. Acquisition by RoPower of the Doicești Site

The Investors' Agreement, which underpinned the association between SNN and NPG, provides that "*during Stage I of the Nuclear Project (…)* ***the Project Company shall have a call option over the Land*** *(…)*", in which case "*NPG shall be under an obligation to close the sale. To this end, within no more than [***] from the Establishment Date, NPG and the Project Company shall enter into a promise to sell. The Parties* ***agree that the value of this transaction shall be the book value*** *(…) according to NPG's latest audited financial statements* ***(including the financing costs and the costs related to any enhancements and improvements subsequent to the date on which NPG acquired the ownership right, at their book value)*** *(…), and the conclusion of the sale contract shall take place within not more than 2 months of the Project Company's written request.*"

Since these provisions run counter to the mandatory provisions of Article 44[1] of Companies Law No. 31/1990, republished, as subsequently amended and supplemented, and of Article 11(4) and Article 19(6) of the Fiscal Code, the Investors' Agreement was amended on 27.05.2025, as follows: "*The Special Purpose Vehicle may acquire the Land for the Nuclear Power Plant; to this end, NPG and the Special Purpose Vehicle may agree to conclude, at the same time or at different time intervals, as the Parties might decide:* ***a sale-purchase agreement*** *(…), in relation to which the Parties agree that the sale value of the Land for the Nuclear Power Plant shall be the market value (…)*" and "***an agreement on the reimbursement*** *by the Special Purpose Vehicle of* ***all expenses incurred by NPG in connection with any financing costs, capital costs, costs related to any improvements, enhancements … from the date on which NPG acquired ownership of the Land until the date of the transfer of the Land*** *(…).*"

<u>Thus:</u>

- as regards **entering into a sale-purchase agreement** for the land **at a price determined based on the market value** of the asset "*on the basis of a valuation report accepted by NPG and the Special Purpose Vehicle, prepared by a Big Four valuer, ANEVAR-authorised and jointly agreed by NPG and the Special Purpose Vehicle*, **it was not provided that SNN should be an entity directly involved, by accepting the valuation report, in agreeing the contract price**, with the same meaning as this acceptance was provided for NPG and RPN in the Investors' Agreement, and in a context where **the public enterprise is precisely the shareholder which, in the event of a possible over-assessment of the market value, could have been prejudiced.** This non-involvement of SNN, as investor and shareholder of the project company, runs counter to the provisions of *Government Ordinance No. 119/1999*[57], under which SNN's managers "*are under an obligation to ensure sound financial management by ensuring legality, regularity, cost-effectiveness (…) in conducting their activity*" and, consequently, any of the transactions approved by SNN's management should aim at observing the legal provisions, the applicable procedural and methodological principles and rules, **as well as minimising the cost of the resources allocated to achieving the estimated results, while maintaining an appropriate quality of those results;**

- in the ***Rebilling Agreement*** to be concluded, under the **category of amounts "*to be agreed by NPG and the Project Company, concerning the reimbursement*** *(…) of all expenses incurred by NPG (…), from the date on which NPG acquired the ownership right (…) and until the date of transfer of the Land for the Nuclear Power Plant from NPG to the Project Company (…)*" **expenses were included which the buyer should bear** (rebilled to it by the seller) in order for the transaction to be carried out, i.e. which are in addition to the market value of the asset and, in **certain situations, even without these being capable of being regarded as bringing any additional value to the asset**, such as: **the financing, capital or acquisition costs** of works, services or goods **incurred without an explicit mandate/consent from the buyer** or the other shareholder, as well as costs **recorded before the conclusion of an agreement between the shareholders** (the *Investors' Agreement*) and, **therefore, prior to the date to which the market value established by the valuer related and even prior to the association.** This agreement and the way in which it is performed run counter to the provisions of point (Article) 11 of **Annex No. 8 to the *Investors' Agreement***, a provision which was not subject to any amendment, **under which the cost-generating activities had to be completed at the seller's cost and risk**, and if these obligations were not fulfilled "*the Project Company (…) had the right to carry them out at its own cost and then recover the costs from NPG*";

- as regards the *Rebilling Agreement* **it was stipulated that RPN's representatives may request from NPG documentary evidence showing the recognition of the value** to be rebilled **and proof that these amounts "*are not already included in the above-mentioned valuation report*"**, the verification of which was placed under RPN's responsibility. ***SNN thus excluded itself from taking direct steps regarding the acquisition of the land, which runs counter to the provisions of Government Ordinance No. 119/1999.***

Prior to closure of the deal, by *RPN EGMS Resolution No. 1/**29.05.2025***, **the**

[57] Government Ordinance No. 119/1999 on internal/managerial control and ex-ante financial control, republished, as subsequently amended and supplemented

limits of the powers to conclude and approve contracts were amended to the effect that the minimum threshold above which the EGMS had to approve a contract was raised from more than EUR 5,000,000 to more than EUR 50,000,000, while approval of contracts between EUR 20,000,000 and EUR 50,000,000 (inclusive) was placed under the BoD's scope of powers, and the power to approve contracts worth up to EUR 20,000,000 was assigned to the CEO.

Thus, **with the vote in favor of SNN's representative in the general meeting of shareholders and even at the initiative of the State-owned enterprise, *a contractual framework was put in place under which SNN's representative mandated in the RPN EGMS and the one appointed to the BoD would not formally assume any responsibility for approving any operations related to the site acquisition transaction*.**

[redacted]

* * *

The standpoint[58] of SNN's representatives focuses on two main aspects, namely:

1. the fact that a valuation report prepared by an ANEVAR member cannot be accepted or rejected by SNN, on the grounds that:

1.1. **it is a third party as regards the transaction and**

1.2. that **it does not hold a capacity that would allow it to challenge/assess a valuation report** drawn up by an ANEVAR member

The position of SNN's representatives is relevant, as it is self-evident that an assessment carried out by a professional cannot be accepted or rejected by anyone who does not hold the status and has not acquired the competence of that professional, but **SNN could have exercised its option to choose the valuer and to decide whether or not to transact an asset valued in that way.**

Moreover, SNN's representatives failed to justify why, in the *Investors' Agreement* they themselves endorsed, they provided that the conclusion of a sale-purchase agreement for the land at the determined price shall be made at the market value of the

[58] No. SNN_GUC 26 01066 17-03-2026, registered with the CCPM under No. 2449/17.03.2026

asset "*on the basis of a <u>valuation report accepted by NPG and the Project Company</u>, prepared by a Big Four valuer and authorised by ANEVAR and <u>jointly agreed by NPG and the Project Company</u>*" and **<u>why, in the Investors' Agreement, they consented to their exclusion from the acceptance/approval of the transaction, given that the transaction was carried out between the other partner and the project company in which SNN is a partner holding a stake equal to that of the seller</u>**. It is precisely this manifestation of lack of interest in the Investors' Agreement that is presented in the conclusions of the Note of Findings, given that payment of the transaction was to be financed by SNN, even with interest being charged, whereas the private partner was not interested, although Clause 4.11.2 of the Financing Agreement provided that "***for the purpose of payment of the price for the acquisition by the Project Company of ownership of the Land (…), <u>NPG shall grant the Project Company a shareholder loan in an amount equal to the acquisition value of the Land for the Nuclear Power Plant</u>*** *(…), the amount of the loan to be disbursed by NPG in one or more instalments, depending on NPG's cash availability (…)*".

2. the fact that the provisions relied upon in the conclusion of the Note of Findings, namely those of Government Ordinance No. 119/1999[59], under which SNN's managers "*are under an obligation to ensure sound financial management by ensuring legality, regularity, cost-effectiveness (…) in conducting their activity*" and, consequently, any of the transactions approved by SNN's management should aim at observing the legal provisions, the applicable procedural and methodological principles and rules, as well as minimising the cost of the resources allocated to achieving the estimated results, while maintaining an appropriate quality of those results, are not applicable.

Indeed, the Site transaction was not carried out within a framework in which the provisions of *Government Ordinance No. 119/1999* are directly applicable; in fact, this is not even the conclusion reached by the control team. **However, the steps to establish the contractual framework were subject to the obligation to ensure sound financial management, as well as to minimise the cost of the resources allocated to achieving the estimated results, while maintaining an appropriate quality of those results.** Thus, sound management, in the sense of complying with legality, cost-effectiveness, efficiency and effectiveness, was not achieved when the contractual regulations on the sale of the Site were put in place.

[59] Government Ordinance No. 119/1999 on internal/managerial control and ex-ante financial control, republished, as subsequently amended and supplemented

Thus, the CCPM's finding is that SNN concluded an agreement, namely the Investors' Agreement, which in its initial form breaches legal provisions, such as those regarding the transaction of the land between NPG (an affiliate within the meaning of tax legislation and a shareholder selling an asset of significant value within the meaning of the Companies Law) and RPN at book value and which, in a subsequent form (resulting from the amendment), allowed, after the amendment of the limits of powers within the project company, the acquisition of the Site to be carried out for a value in addition[60] to the market value. The additional value was the amount of certain costs rebilled by the seller, overlooking the fact that there is no document unequivocally establishing that those costs are not related to works carried out at the order, on behalf or for the account of the project company, and the category of costs that increased the market value included (predominantly) expenses incurred even before the date on which the Site was valued by the Valuation Report used as a basis for the decision to transact.

Moreover, as regards their non-involvement in the evaluation and assumption through approval of the additional expenses incurred for the acquisition of the Site by the project company, SNN's representatives invoke precisely the limits of the powers that they created and/or amended, in a context where the risks had already been anticipated that an administrative act might subsequently charge RPN with "*doubling the expenses*" or might require it "*to recover/adjust the amounts*".

IV.2.4.1. **The transfer of ownership** of the land and structures to RPN was carried out under ***Sale Contract No. 1594/05.06.2025***[61]**, the sale/purchase price amounting to EUR 24,344,314.** With regard to the acquisition value, the contract provides that it is determined "*as established on the basis of the Valuation Report* [redacted]". The sale contract was approved by RPN BoD Decision No. 15.

For the purpose of determining the market value of the Site, RPN and NPG took steps resulting in:

- **The Valuation Report drawn up** [redacted] **for RPN** on 17.10.2024 estimates the market value of the **Site owned by NPG in Doicești as at 31.07.2024 at EUR 24,453,713**, the valuation being carried out "*in order to inform RoPower's management* ***so as to assist them in the decision-making process regarding its acquisition***". Subsequent to the delivery of the Valuation Report dated 17.10.2024, RPN, through its representative, [redacted] sent on 29.10.2024 an e-mail message

[60] represented by amounts "*agreed by NPG and the Project Company, (…) all expenses incurred by NPG (…), from the date on which NPG acquired the ownership right (…) and until the date of transfer of the Land for the Nuclear Power Plant from NPG to the Project Company (…)*"
[61] authentication conclusion No. 1594/05.06.2025

addressed directly to the representative [redacted] and indirectly to the other signatories of the valuation report [redacted], associate partner and [redacted] [redacted], associate director and [redacted]) with a **request to “*help with a new valuation report for the entire Doicești Site***, *which should include the characteristics (…)*” attached to the message. Another message sent on behalf of RPN, through its representative, [redacted] requested from the representative [redacted] **assistance with “*the information on the expenses that were not reflected in the valuation*”**, namely ***“the “rough” approximation (…) of about 20 million EUR”***. **The reply from the representative [redacted], communicated on 28.11.2024, shows that, out of the total of EUR 35.8 million of expenses recorded in general ledger account 231 (according to NPG’s records), the valuation took into account expenses amounting to EUR 16.7 million, while the remaining EUR 19.1 thousand were not included, as they related to “*demolition works, dismantling of the 220 kV station, vegetation clearance, operating expenses (Security/Utilities/Financing costs/Consultancy/Travel etc.), office refurbishment works (partially) and decontamination works*”.**

• On the other hand, earlier, NPG had requested [redacted] the valuation at Doicești. According to the valuer, the market value of the assets, as at 30.06.2024, lies within the range of EUR 56.925 million to EUR 60.337 million, but the purpose of the valuation was to determine a market value for a contribution in kind to the share capital.

• Subsequently [redacted], [redacted] drew up in August 2025: *Valuation Report of certain assets of the Doicești site as at 30 June 2025*, which states that “*by applying the valuation methods presented in the Report, the fair value/market value of the assets held by RoPower as at 30.06.2025 is estimated to be in the range (…) EUR 61.6 – 65.4 million*”.

• By Report No. 5084/25.11.2024, issued by RATEN-CITON[62] (which is not an

[62] RATEN-CITON prepares techno-economic assessment studies and risk assessment reports specific to energy project management, which, however, do not qualify as ANEVAR valuations, according to the provisions of Government Ordinance No. 24/2011, approved by Law No. 221/2013. The main activity of RATEN-CITON is nuclear engineering and design, being

ANEVAR valuation expert) at the request of RPN’s representatives and based on data provided by NPG and by a letter previously sent to RPN, the project company was informed that “*all the «expenses incurred by Nova may be considered additional expenses which, through the improvements brought to the land and property in Doicești, represent preparation and development works and are opportune for the progress of the project (…)>>*”.

In conclusion, in relation to the content of the information made available to the CCPM, **although the *Articles of Incorporation* of ROPOWER NUCLEAR SA provide that any shareholder has the right to request or directly carry out an audit/review with unrestricted access to the premises and documents related to the activity of the project company, SNN showed no interest in clarifying the differences between the Site’s market values presented in those valuation reports.**

* * *

SNN did not state a position on this conclusion.

IV.2.4.2. Recharging Agreement

Also **on the date of conclusion of the sale-purchase contract, 05.06.2025, *the Recharging Agreement*** was concluded, under which **the project company undertook to pay the amount of EUR 19,491,938, excluding VAT,** representing **the expenses borne by NPG from the date on which it acquired ownership of the Doicești Site** and until the date of signing the Recharging Agreement. **The invoice issued** for this purpose by NPG to RPN [redacted] amounts to RON 110,808,243.82, representing EUR 22,050,952.98 **at the exchange rate of the National Bank of Romania on the invoice issue date (RON 5.0251/EUR).**

According to the data presented in the annex to the Recharging Agreement, the nature and value of the costs that NPG submitted to the project company for reimbursement are shown in the following table:

	Amount net of VAT				
	RON	EUR	RON	EUR	EUR
	Before October 2024		October 2024 and thereafter		**TOTAL**
TOTAL					
Fuel oil storage tanks	22,686,089	4,537,218	-	-	**4,537,218**
Removal of foundations	17,364,690	3,472,938	-	-	**3,472,938**
Site works for preparing the SMR construction site organisation	22,846,804	4,569,361	1,198,927	239,785	**4,809,146**
Operational expenditure	21,063,427	4,212,685	10,091,603	2,018,321	**6,231,006**

authorised by CNCAN (the National Commission for Nuclear Activities Control) for research and development in the field of nuclear facilities.

Financial costs of invested capital (interest)	17,272,449	3,454,490	9,931,680	1,986,336	**5,440,826**
EV Chargers	1,516,155	303,231	-	-	**303,231**
Fees	1,190,965	238,193	-	-	**238,193**
Security	858,181	171,636	159,924	31,985	**203,621**
Utilities	225,678	45,136	-	-	**45,136**
Renovation & Fitting-out of Headquarters	2,208,148	441,630	-	-	**441,630**

Within the limits of authority established by the *Articles of Incorporation* of the project company, although the payment amount stipulated exceeds EUR 20,000,000, the Rebilling Agreement was not submitted for approval by the Board of Directors of RPN.

According to what is recorded in the *Rebilling Agreement*, its execution took into account, among other things,

- the understandings and discussions regarding "*the performance by Novo, for the benefit of RoPower and for the purpose of the Nuclear Project (…) of services, works, improvements (…)*". From the information made available it emerged that this justification for entering into the *Rebilling Agreement* was insufficiently assessed prior to the execution of the agreement, with reference to the provisions formally undertaken under the *Investors' Agreement, which* provided in Article 11 of *Annex No. 8* that "*NPG undertakes that, in the sale contract (…), it will assume the obligation (…) to complete, at its own cost and under its exclusive responsibility, the activities (i) of demolition (…) and (ii) of closure of any environmental obligations*". Moreover, account must be taken of the lack of formalisation of the method for determining (by special mandates, powers of attorney, orders or the like) the activities carried out by NPG in the name and on behalf of the project company and, in particular, for assessing, accepting and monitoring the value of these activities, a value which subsequently became the subject of the rebilling. It should also be noted that some of the activities could not have been the subject of the "*specifications received from RoPower and/or* [redacted] *main contractor under the Nuclear Project* [redacted] for the simple reason that they were carried out and invoiced prior to the conclusion of the *Investors' Agreement* approved in the SNN GSM on 22.09.2022 (by way of example, we present invoice No. [redacted] 30.06.2022, in the amount, exclusive of VAT, of RON 9,385,521, included in the rebilled amount under the category "*Site works for preparing the SMR construction site organisation*");

- "*the Parties' agreement regarding the reimbursement by the Employer to Nova of the expenses (…) pursuant to Article 5 letter b) of Annex No. 8 to the Investors' Agreement (…) as amended by Addendum No. 1 dated 28.05.2025*". Nor does this justification appear, from the documents made available, to have been fully assessed before the execution of the Rebilling Agreement, given that the provisions relied on also state that the rebilled amounts “*are not already included in the valuation report*”. The analysis of the Valuation Report prepared on 17.10.2024 by [redacted] reveals that “*the subject of the valuation is the Site located in Doicești, Dâmbovița County, consisting of land, buildings, the 110 kV switchyard, special constructions as well as equipment in their current condition*”, which shows that the valuer did not exclude from the market value assessment any improvement or work previously carried out and which brought the asset to the condition in which it was on the valuation reference date (31.07.2024).

- “*the fact that, in the Reports issued by RATEN-CITON on 15.11.2024 and 25.11.2024, it is concluded that all the «expenses incurred by Nova may be considered additional expenses which, through the improvements brought to the land and property in Doicești, represent preparation and development works and are opportune for the progress of the project (…)>>*”. The assertion that the reports referred to justify the rebilling is at least erroneous, given that what in the Rebilling Agreement was presented as conclusions of certain reports were in reality only assertions of the owner of the Site (NPG), taken over by the authors of the study as “*working assumptions*”, in the following context:

* Although RATEN-CITON prepares techno-economic assessment studies and risk assessment reports, these are specific to the management of energy projects and do not confer on them the status of valuations or reviews of valuations, activities which may lawfully be carried out by entities that are authorised valuers who, according to the provisions of Government Ordinance No. 24/2011, approved by Law No. 221/2013, have acquired this capacity under the law and are members of ANEVAR (the National Association of Authorised Valuers in Romania), a professional association of public utility established and with duties/competences laid down by the legal regulations in the field of asset valuation. We mention that RATEN-CITON does not have the necessary capacity to carry out valuations or reviews thereof, its main activity being, primarily, nuclear engineering and design, being authorised by CNCAN (the National Commission for Nuclear Activities Control) for research and development in the field of nuclear facilities.

* there is no Report issued by RATEN-CITON on 15.11.2024, but only a letter (No. 4965/15.11.2024) from this entity to RPN stating, in the absence of a study, an analysis or a valuation carried out before that date and/or attached to the letter, that “*the types of activities described in the Annex to Nova Power & Gas Letter No.*

39472/07.11.2024 and their related costs detailed in account 231 (e.g.: Removal of foundations, Site-specific works for preparing the SMR construction site organisation, etc.), subsequent to Nova Power & Gas acquiring the ownership right, may be considered additional expenses which, through the improvements and enhancements brought to the land and property in Doicești, represent preparation and development works for the progress of the RoPower Nuclear project for the implementation of the Doicești SMR”. The letter does not indicate how and by reference to what benchmark part of the expenses (not all of them, as claimed in the *Rebilling Agreement*) are additional. The CCPM’s request for clarification regarding the above was answered by RATEN-CITON Letter No. 312/27.01.2026, whose representatives stated that the assertion in Letter No. 4965.15.11.2024 (cited in the Rebilling Agreement as a report) “*does not refer to a value in addition to the market value and did not represent a finding by **CITON, but represented a working assumption provided by NOVA POWER fi GAS through ROPOWER NUCLEAR SA***”,

* The Report issued by RATEN-CITON on 25.11.2024 (No. 5084/25.11.2024) and, implicitly, the letter previously sent to RPN did not take into account the data contained in the Valuation Report prepared on 17.10.2024 by [redacted], since this document was made available to RATEN-CITON at a later date. According to RATEN-CITON Letter No. 312/27.01.2026, “*only for the January report (Report No. 174/20.01.2025, not cited in the Rebilling Agreement* – editor’s note), *the report* [redacted] *was made available for consultation, as well as the letter sent by* [redacted] *to RoPower, containing additional explanations regarding the valuation of the Site*”).

* As regards the phrase “*the activities (…) allocable to the Doicești Property that were not covered by the Valuation Report* [redacted] *or by the analysis in Report* [redacted]” contained in the Report issued by RATEN-CITON on 25.11.2024 (No. 5084/25.11.2024), the author of the report maintains that the statement “*did not represent a finding by CITON, but a working assumption provided by NOVA POWER & GAS SRL through ROPOWER NUCLEAR SA and assumed as input data for the report*”, all the more so since report [redacted] was made available to the author of the study only later.

* The Report dated 20.01.2025 (No. 174/20.01.2025), as well as the previous one (No. 5084/25.11.2024), were drawn up and contained the statement that CITON’s staff are not ANEVAR valuation experts and “*therefore, the analysis was limited to identifying elements that could be assimilated to items specific to bill-*

of-quantities standards, without there being a possibility for an exhaustive verification of the information presented" by NPG, and that "*the limits of the analysis carried out (…) were brought to the attention of the beneficiary in the reports sent and/or the correspondence conducted with it*" (excerpts from CITON Letter No. 312/27.01.2026, in reply to CCPM Request No. 411/20.01.2026). It should also be noted that the CITON reports recommended "*the involvement of an ANEVAR expert in order to ensure the required degree of completeness in accordance with the legislation in force*", a step that was not taken by the purchaser prior to the transaction.

- The assertion that "*the Valuation Report issued by* [redacted] *on 17.10.2024 regarding the valuation of the Doicești Property using the market comparison approach estimated the value equivalent of the Doicești Property by reference to an industrial Site (without taking into account the nuclear specificities) and, therefore, its relevance is affected by ignoring the specificities of an SMR nuclear project*" is a partisan assertion and is not based on an analysis carried out by an entity competent to exercise responsibilities for reviewing a valuation performed by an ANEVAR member, given that, in accordance with the provisions of Article 5(1)(d) and (f) of *Government Ordinance No. 24/2011 on certain measures in the field of asset valuation*, approved as amended by Law No. 99/2013, as subsequently amended and supplemented, the review of the valuation activity falls within the (equal) competence of ANEVAR and entails verification, in accordance with the provisions of the decisions, regulations, codes and procedures adopted by the association under Article 5(2) of the piece of legislation referred to above. The activity on the basis of which conclusions may be drawn regarding a valuation report entails the verification of the policies and procedures implemented[63] and of those applied by authorised valuers in order to ensure compliance with the requirements of the valuation standards approved by decision of the ANEVAR National Conference. On the other hand, the documents made available revealed the following:

* after the delivery of the Valuation Report dated 17.10.2024, RPN, through its representative [redacted], the CEO at that time, sent on 29.10.2024 an e-mail message addressed directly to the representative [redacted] [redacted] and indirectly to the other signatories of the Valuation Report [redacted]

[63] in order to ensure compliance with the ethical rules and principles governing the activity of authorised valuers, as laid down in the Code of Ethics of the authorised valuer profession, approved by National Conference Decision No. 1/2012

[redacted], requesting them to "*help with a new valuation report for the entire Doicești Site, which should include the characteristics (…)*" attached in Excel to the message. Another message sent on behalf of RPN, through its representative [redacted], requested from the representative [redacted] assistance with "*the information on the expenses that were not reflected in the valuation*", namely "the *"rough" approximation (…) of about 20 million EUR*". The reply from the representative [redacted], communicated on 28.11.2024, shows that, out of the total of EUR 35.8 million of expenses recorded in general ledger account 231 (according to NPG's records), the valuation took into account expenses amounting to EUR 16.7 million, while the remaining EUR 19.1 thousand were not included, as they related to "*demolition works, dismantling of the 220 kV station, vegetation clearance, operating expenses (Security/Utilities/Financing costs/Consultancy/Travel etc.), office refurbishment works (partially) and decontamination works*";

* in line with what was requested by RPN's representatives, [redacted] sent the project company a document entitled "*Additional explanations regarding the valuation of the Site located in Doicești, Dâmbovița County*" which specified that "***The information in account 231 was analysed** from the perspective of the type of value estimated for the Site according to the definition of market value (…), namely the amount that a market participant, taking into account market data available for similar assets, would be willing to pay (…).* The valuer explains that the amounts capitalised in account 231 were analysed and were compared with "*the costs of similar works included in the valuation catalogues, comparable from a construction point of view with the works*", in the case of infrastructure works within the Site perimeter and hydrotechnical arrangements, and that in the case of the 110 kV station "*a reasonableness analysis was carried out on the basis of secondary market data for similar new investments*". The remaining amounts that were capitalised in general ledger account 231 (according to NPG's records) "*were analysed from the perspective of the current condition of the assets (…)*".

Under these circumstances, although the valuer clearly stated that they had analysed the data provided by the owner of the asset, but retained from them and subjected to comparison only those values that may contribute to determining the market value, the signatories of the *Rebilling Agreement* justified its conclusion on the ground that the valuer had ignored the nuclear specifics and that the relevance of the valuation was thus affected, without relying on a competent conclusion in this respect. On the other hand, the rebilled costs do not appear to have such a characteristic attached to them in any of the situations underlying the amount set out in the Rebilling Agreement, and it is difficult to explain to what extent capital expenditures, demolitions, dismantling or clearance works, office refurbishment expenses or other operating expenses (security, utilities, consultancy and travel recorded by a company without experience and activity in the nuclear field) can have a "*nuclear specificity*".

With regard to the nature and amount of the expenses included in the *Rebilling Agreement*, mainly under the category of site-specific works for SMR construction site organisation, **expenses were identified, by way of example, which were** supported by **invoices issued by another company within the [redacted] Group to which NPG belongs, namely [redacted]**[64]. The value of these invoices, presented as justification for determining the amount related to the Rebilling Agreement, is significant, totalling, according to the documents made available by SNN, **RON 24,618,079, the equivalent of EUR 4,923,616.**

The analysis by [redacted] carried out (at RPN's request) on 30.10.2024 revealed that "*it may be considered that a transaction for the acquisition of the Doicești Site at a price set at the level of the estimated market value provided for in the Valuation Report issued on 17 October (namely EUR 24,453,713) would generally pursue and comply with the rules and principles laid down by the transfer pricing regulations in force in Romania*". Even though the analysis by [redacted] was carried out from a tax perspective, namely that of transfer pricing, we note that it is precisely **the tax rules in this field that have established the manner of recognising the value of transactions carried out between affiliated parties** (as was the case of the transaction between NPG and RPN), **which may be subject to revenue and collateral expense allocation arrangements based on a mechanism other than the market mechanism.**

In these circumstances, excluding the existence of costs borne by NPG in the period November 2024 (after the valuation carried out by [redacted]) - **June 2025** (up to the date of transfer of ownership of the land), taking into account

- the existence of valuations whose results differ greatly, even if they refer to different dates,

- the submission of documents, in order to justify the rebilled amount, which were issued before the date on which the land was valued, as well as others issued

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64 [redacted]

between companies within the same Group,

it is found that the series of transactions by which the land was acquired was carried out under contracts whereby the purchaser undertook to pay amounts that significantly exceed the market price, *the Rebilling Agreement being, in reality, an arrangement intended to supplement that price stipulated in the sale-purchase contract.*

In conclusion*, the amendment of the *Investors' Agreement* and the consummation of the transaction,** through the conclusion of a sale contract and a Rebilling Agreement, **was an attempt to create the appearance that acquisition of the Site was a transaction that complied with market rules.** Nevertheless, **the transaction, in the context of the rebilling of certain costs, runs counter to any operations that two independent entities would have accepted under competitive market conditions**, since acquisition of an asset that required conclusion of an agreement additional to the sale-purchase contract, namely the ***Rebilling Agreement, resulted in the **purchaser (RPN) assuming payment of an amount that significantly exceeds the market price.**

According to the statements of [redacted], CEO of RPN, the rebilled amount has not been paid to NPG, an extension of the payment deadline until 31.05.2026 having been requested, as well as a conversion of the trade payable into a long-term financial liability with the possibility of capitalisation.

In the context of the findings and conclusion presented, it is also found that, for the period after the valuation by [redacted], for which, at least theoretically, the rebilling of certain expenses would be justified, the checks carried out by the purchaser regarding the works performed and rebilled by the purchaser were at least superficial, this conclusion being supported by differences between the data in the [redacted] analysis, which indicate as costs for site-specific works at Doicești, carried out after 31.07.2024, the amount of RON 2,985,870, while the information provided to CCPM by RPN indicates the amount of RON 6,441,667, in accordance with the data shown in the table below.

We note that the data from the [redacted] analysis are, according to the document "Analysis of the possibility of rebilling certain costs in the context of the sale-purchase transaction of the Doicești Site" dated 11.02.2025 [redacted] (p. 17), Development expenses recorded after the date of the valuation report (after 31.07.2024), with the remark that the financial expenses related to the amounts mobilised after 30.09.2024, totalling RON 250,859, were calculated on the basis of the formulas contained in the spreadsheet used by RPN to determine the financing costs65.

[65] RPN Letter No. 50/22.01.2026 / reply to Request No. 1 in CCPM Letter No. 274/16.01.2026 / file “Solicitarea nr. 1”, Microsoft Excel Worksheet document “Refacturari NPG ulterioare 31.07.2024”, sheet “costuri financiare”, even though no amounts are taken over in the sheet “detaliere oct24-prezent”

	Net amount, excluding VAT (RON)						*Gross amount (RON)*			
Period:	Total rebilling costs via AR*	after 31.07.2024		after 30.09.2024			Total rebilling costs	After 31.07.2024	after 30.090024	
EXPENDITURE CATEGORY		according to the [redacted] analysis	according to RPN info**	according to AR* Schedule	according to RPN info**	according to SNN info**		according to RPN info”	according to RPN Info”	according to SNN info*”
Operational expenditure		N/A	431,754		3,455,797			513,788	4,112,399	0
Renovation & Fitting-out of Headquarters		5,177	5,177	0	159,927			6,094	190,309	0
Site-specific works (prep. site organisation)		2,985,870	6,441,667	1,198,927	0	1,198,927		7,665,584	0	1,426,723
Financial expenses		N/A	528,957	9,931,680	250,859	9,931,680		528,957	250,859	9,931,680
Security		N/A		159,924	0	159,924				190,309
Utilities		N/A		0		0				94,660
TOTAL	97,459,688		7,407,555	11,290,530	3,866,583	11,290,531	0	8,714,423	4,553,567	11,643,372

* according to Annex No. 1 to the *Refinancing Agreement* concluded on 05.06.2025 between NPG and SNN

** according to the information passed through via RPN letter [redacted]

*** according to the information passed through by SNN [redacted]

**** according to the document “*Analysis of the possibility of refactoring certain costs in the context of the sale-purchase of the Doicesti Site*” of 11.02.2025

[redacted] Arrangement expenses recorded after the date of the valuation report (after 31.07.2024)

NOTES.: The financial expenses related to the amounts mobilized after 30.09.2024, in the amount of 250,859 RON, were calculated on the basis of the formulae contained in the worksheet used by RPN to determine the financial costs [redacted]

* * *

According to the position[66] of the SNN representatives, *the conclusion of the CCPM control team that the Refinancing Agreement should have been submitted for approval to the RP CA and was not* **<u>is erroneous, in view of the limits of competence laid down in the Articles of Incorporation of the project company</u>**.

A first argument put forward by the SNN representatives is one **drawn from the legal acts governing public and sectoral procurement.**

We point out that, on the one hand, this regulatory framework is not applicable or applied by RP and has no direct or indirect connection with the finding and conclusion and, on the other hand, it does not contain a definition of the contract value in the sense that this value would be net of VAT where the contract involves a transaction of the kind falling within the scope of this tax.

In this latter respect, without giving an academic presentation in which we would detail the justification that the European and national legislator, in order not to create discrimination between economic operators registered for VAT purposes and those not registered for this purpose, had in mind when it laid down thresholds and values in the European and national regulatory framework governing public procurement, we point out that none of the legal acts referred to (*Law No. 98/20116 on public procurement and Law No. 99/2016 on sectoral procurement*) is relevant to the assessment of the competence thresholds laid down in the Articles of Incorporation of the project company and does not establish/define that, in general, or even in particular (in the case of public or sectoral procurement contracts), the contract value is the value net of VAT.

Another argument relates to tax, financial and even accounting aspects, although the provisions of the *Articles of* Incorporation do not regulate the approval competence with regard to the company's expenses, revenues, costs or cash flow, but to the value of the contract, without detailing this value in particular.

Under these conditions, none of the tax, financial or accounting rules is relevant in this section.

In view of the above, from the RPN perspective, in the absence of a contrary provision laid down in an applicable special law or in a provision contained in the articles of incorporation, the contract value cannot be other than that established by the common regulatory framework of contracts, according to which this value is the value of its pecuniary obligation, the object of this obligation being, pursuant to Article 1.226 of the Civil Code, the performance undertaken as debtor by the project company, namely the

[66] No. SNN_GUC-26-01066-17-03-2026, registered with the CCPM under No. 2449/17.03.2026

payment of an invoice that also includes VAT.

Under these conditions, the finding is maintained that the *Refinancing Agreement* did not follow the corporate approval circuit laid down in the *Articles of Incorporation* of RPN.

At the same time, the position of SNN is not understandable, as it is supported without valid and relevant arguments, given that the finding is to the benefit of the company, indicating that it is able to decide on the *Rebilling Agreement*, a contract in which, moreover, the risk/possibility was anticipated that an authority would later find a "*duplication of expenses*".

* * *

In their position paper, the SNN representatives did not present counter-arguments, but rather arguments supporting the conclusion that amendment of the Investors' Agreement and the consummation of the transaction, through the conclusion of a sale contract and a Rebilling Agreement, was an attempt to create the appearance that acquisition of the Site was a transaction that complied with market rules.

In this respect, the SNN representatives clearly acknowledge that the initial form of the Investors' Agreement breached legal provisions (the characterization used by the SNN representatives is: "*without legal basis*") as regards the transaction of the Site at the seller's book value. At the same time, the position paper also states that amending those provisions and bringing the Investors' Agreement into the form valid at the date of the transaction, by providing for the conclusion of a sale-purchase contract, to which a rebilling agreement was added, was not aimed at "*bringing the text and provisions of the Investors' Agreement (…) into line with the law*", but only at creating an appearance that acquisition of the Site was a transaction that complied with market rules.

Thus, the conclusion is supported and maintained that **the amendment of the *Investors' Agreement* and the consummation of the transaction**, through the conclusion of a sale contract and a Rebilling Agreement, **was an attempt to create the appearance that acquisition of the Site was a transaction that complied with market rules.**

* * *

The observations of the SNN representatives regarding CCPM's erroneous inclusion of certain amounts in the tabular statement were taken into account, and the statement was thus corrected, together with the conclusion referring to the table. Nevertheless, the position of the SNN representatives regarding the alleged irrelevance of the comparison between the amounts extracted from the Analysis [redacted] of 11.02.2025 and those provided by the project company cannot be upheld, given that the purpose of the analysis was precisely to assess the "*possibility of rebilling certain costs in the context of the sale-purchase transaction of the Doicesti Site*".

IV.2.5. Financing of RoPower's activity

IV.2.5.1. Aspects regarding the estimated costs of the project

With regard to financing of the project as a whole, elements concerning available financing were identified in the memoranda that were presented in the first sections of the findings, as well as in the documentation provided by the audited entity. With regard to the project costs, SNN provided[67] the following costs of the SMR Project, which were taken into account when the Investors' Agreement was concluded[68]:

- [redacted] representing preparatory activities and the other development activities up to the start of construction.
- [redacted] for the construction of the Nuclear Power Plant, excluding miscellaneous and contingent expenditure and financial costs, [redacted]

The financing assumptions for the nuclear project considered at that time, and reflected in the *Investors' Agreement*, Art. 4.11, provided for: contribution to the share capital; shareholder loans; contracting of bank loans; financing instruments, non-refundable funds; bringing in new shareholders.

[redacted]

In December 2025, the estimated cost of the project was USD 6.5 billion, that

[67] By letter No. SNN_GUV-26-00157-16-01-2026
[68] Annex 4 – estimated investment costs of the project

[redacted]

is approximately USD 3.8 billion more than the initial estimate.

The position[69] of the SNN representatives provides relevant and comparative information to the effect that, in general, "*projects have experienced an increase in the cost of production per MWh installed, against the backdrop of the revival of nuclear projects at European and global level*". At the same time, the SNN representatives also indicate that the loans granted by SNN to RPN do not affect the ratio between SNN's net debt and EBITDA.

IV.2.5.2. Framework Loan Agreement No. 1 dated 16 August 2023

Over the more than 2 years of activity of ROPOWER NUCLEAR SA, **financing of the activity has been provided from contributions to the share capital and from the financial resources made available by SNN**, which is the lender of the project company.

According to the data provided to the CCPM regarding the financing of the project company, up to this time both shareholders have contributed share capital amounting to RON 39,886,000. In addition, the company has received a **loan from SNN in a total amount of USD 243 million, of which amounts representing approximately 204** million euro have been drawn. Considering SNN's capacity as creditor of RPN, on the basis of the provisions on the terms of use of the loans laid down for each of the tranches of the loan granted, **SNN had the obligation to monitor how the** loan was spent, all the more so as the state-owned enterprise is not merely in the position of a simple creditor, and the interest and guarantees established in favour of SNN do not replace monitoring, given that the strategies approved by the SNN general meeting of shareholders do not concern financial (lending) operations, but are aimed at implementing a project under conditions of economy, efficiency and effectiveness.

[69] No. SNN_GUC-26-01066-17-03-2026, registered with the CCPM under No. 2449/17.03.2026

Tabular statement 1. Data on the performance of Framework Contract No. 1722.08.2023

Contract or addendum / date	Loan ceiling (USD)	Loan scope		Drawdown amount (USD)	Drawdown date	Drawdown purpose	Drawdown amount (EUR)
Framework Agreement no. 1/22.08.2023	8,966,023	[redacted]	1	4,556,949.00	9/11/2023	[redacted]	4,257,240.31
Addendum no. 1/10.01.2024 - increase of ceiling, extension of purpose	22,000,000		2	11,873,011.00	1/15/2024		10,832,084.25
Addendum no. 2/27.05.2024 - extension of purpose	22,000,000		3	4,798,620.00	5/21/2024		4,415,583.09
Addendum no. 3/22.07.2024 - increase of ceiling, extension of purpose	243,000,000		4	21,000,000.00	7/24/2024		19,319,290.55
			5	1,500,000.00	8/28/2024		1,342,931.78
			6	22,500,000.00	11/13/2024		21,191,445.11
			7	2,500,000.00	12/12/2024		2,381,953.95
			8	9,000,000.00	12/24/2024		8,658,514.04
			9	3,500,000.00	1/29/2025		3,354,436.36
			10	5,500,000.00	2/19/2025		5,257,107.55

			11	16.500.000,00	4/7/2025	[redacted]	15.016.425,56
			12	9.500.000,00	6/6/2025	[redacted]	8.322.298,51
Addendum no. 4 to the framework agreement	243.000.000	[redacted]	13	27.906.755,20	6/16/2025	[redacted]	24.215.987,00
			14	1.093.244,80	6/16/2025	[redacted]	948.659,26
			15	12.000.000,00	8/1/2025	[redacted]	10.492.317,39
			16	8.300.000,00	10/6/2025	[redacted]	7.070.225,39
			17	18.000.000,00	11/10/2025	[redacted]	15.585.253,64
			18	4.000.000	16.12.2025	[redacted]	3.406.450,09
			19	44.600.000	23.12.2025	[redacted]	38,010935,32
	243.000.000	TOTAL		228.628.580,00		[redacted]	204.079.139,15

[redacted]

Tabular statement 2 - Destination of the financial resources used in the period 2022-qtr. 1 2026

	2022	2023	2024	2025	2026			TOTAL (USD)
					Jan	Feb	Mar	
Total Expenses								
1.Engineering costs and other technical costs associated with implementation of the nuclear project	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Project Management	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
CITON + OE	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
TLA	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Licenses and permits	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other engineering and technical costs related to deployment of the nuclear project	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Expenses on site management	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Geotechnical Investigation	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2.RoPower costs related to the project (OpEx)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2.1 Expenses on legal services	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2.2 Payroll costs	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2.2.1 D&O insurance policy	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

2.3 Rents and utilities	[redacted]
2.4 Travel expenses	[redacted]
2.5 Specialized software costs	[redacted]
2.6 Expenses on outsourcing activities to third parties	[redacted]
2.7 IT costs	[redacted]
2.8 PR expenses	[redacted]
2.9 Expenses specific to the Physical and Cyber Security Department	[redacted]
2.10 HSE specific expenses	[redacted]
2.11 Protocol expenses	[redacted]
2.12 Administrative expenses	[redacted]
2.13 Expenses specific to the Fuel Cycle Department	[redacted]
	[redacted]
3.1. Acquisition of the Doicesti Site + Rebillings	[redacted]
3.2. Notarial fees for acquisition of the Doicesti Site	[redacted]

Analysis of the data presented led to the following conclusions:

- the share of engineering costs and other technical costs associated with implementation of the nuclear project was, in the period 2022–Q1 2026: 75.6%, while those related to acquisition of the Site were set at 18.3%, and those for operation of the company at 6.1%;

- of the operating costs, the significant ones were: payroll costs in an amount of approximately 63.9%, given that the average costs per employee are, for 2024, 9,585 USD gross/month/employee (full time), and those related to legal services, which accounted for more than 7.9% of RPN's total operating expenses;

- an also significant amount, namely more than 4.8% of total operating expenses, was recorded in the category of expenses on rents and utilities;

- the financing of the expenses for acquisition of the Site related to the Doicesti SMR Project was established as the subject-matter of the loan granted by SNN under Addendum no. 4 to Framework Loan Agreement no. 1 dated 16.08.2023, although clauses 4.11.2 and 4.11.3 of the Investors' Agreement, concerning shareholder loans, provided that NPG would grant the project company a loan for acquisition of the land, while SNN would be able to grant loans for other purposes. This use of the financing was approved by the SNN EGMS by Resolution no. 4/09.04.2025, which decided under item 5: "*Approval of the execution by SNN, as lender/creditor, of an Addendum to the Framework Loan Agreement no. 1 dated 16.08.2023, for amendment of the subject-matter of the aforementioned loan agreement, in order to include in the scope of the financing granted by SNN to the Project Company Ropower Nuclear S.A. also the expenses related to acquisition of the Site for the Doicesti SMR Project, the expenses related to the granting of guarantees by SNN for the loans taken out by the Project Company Ropower Nuclear S.A. from third-party lenders, and the related financing costs*".

In response to the audit team's request to provide information on how SNN monitored RPN's spending, SNN's representatives referred to the exercise of the power to approve the budget through the board of directors (one of whose members is nominated by SNN) and the general meeting of shareholders, of which the SNN representative is a member.

in the context of the conclusions presented above, **it is apparent that SNN does not have in place a system for monitoring RPN's expenses, specifically those incurred from the shareholder loan of the State-owned enterprise**, given that, according to the RPN EGMS resolutions adopted at the same time as approval of the financing caps granted by SNN, it was provided that "*certain or all operational activities*" would be delegated to the executive management, with the exception of approval of individual financing transactions. The system for monitoring expenses should have been made operational as part of the monitoring of performance of the *Framework Loan Agreement no. 1/16.08.2023*, which set out the purposes of the loans granted by SNN, purposes which, for example, were expanded by execution of *Addendum no. 2* to that agreement (see RPN EGMS Resolution no. 4/27.05.2024).

[redacted]

* * *

The viewpoint[70] of the SNN representatives

- pointed out the dual capacity of SNN as creditor and shareholder and considered that this dual capacity should be viewed differently, noting that monitoring carried out by SNN from the creditor's perspective entails tracking the loan as a whole, based on the supporting documentation underlying each drawdown under the loan and covering only the lawful purpose (compliance with the category of eligible expenses and with the contractually agreed cap), and not the use from the perspective of expediency, cost-effectiveness or efficiency, whereas monitoring of the project company's activity in general and of its expenses in particular is limited by the powers/competences conferred on shareholders by the legislation governing companies;

Given that, under the provisions of the Investors' Agreement, it was established, among other things, that **any of the shareholders may request or directly carry out, periodically, an audit/review of RPN's activity, with unrestricted access to the premises and documents related to RPN's activity, a provision which was not used by SNN, in addition to the fact that no system was identified for monitoring the expenses of the amounts loaned by SNN to finance RPN's activity**, the argument put forward by SNN's representatives that "*the CCPM audit team presents certain conclusions in a truncated and out-of-context manner, from which it appears that SNN, as shareholder, did not monitor SNN's general expenses*" cannot be upheld, given that, in SNN's representatives' reply to the request to present the manner of monitoring those expenses, they referred exclusively to verifying compliance with the terms of the loan agreement

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and to approving the income and expenditure budget, within "*the limits of authority conferred by Law No. 31/1990*".

IV.2.5.3. The attempt to bring in an associated third party and to amend the Investors' Agreement accordingly

The bringing in of [redacted] into RPN's shareholding structure was an initiative promoted by SNN and submitted for approval to the SNN EGMS.

In substantiating the State-owned enterprise's approach, SNN's representatives presented [redacted] as a private equity fund managed by [redacted] and argued that its inclusion was necessary in order to secure "*significant and sustained*" financing.

According to the draft *Memorandum* entitled: "*Certain measures required for the continuation of the project based on NuScale-type small modular reactor (SMR) technology, developed on the Site at Doicesti*", which we refer to below, the increase in share capital by bringing in a third shareholder was seen as an alternative source of financing to "*accessing credit facilities from local/international banks*".

In presenting the tripartite association decision, namely by bringing in [redacted], it was argued that **the partner was selected by way of exception from the general rules set out in the internal procedure** (the Procedure on the establishment of mixed-capital companies, approved by SNN BoD Resolution No. 254/13.11.2023), invoking the possibility of concluding "*direct partnerships, with the prior approval of the General Meeting of Shareholders, in cases where the fulfilment of the Project's purpose and the Special Purpose Vehicle's main business object can be ensured through the involvement/contribution of a certain economic operator/investor, for reasons related to the investor's ability to facilitate the attraction of commercial/technological or financing partners that will benefit the Project, or in other situations, as identified and substantiated to the shareholders (Article 5.3 of the Procedure)*".

In other words, **the selection process carried out for the purpose of bringing in [redacted] as RPN's third shareholder was not a "*competitive, transparent and non-discriminatory*** *process whereby the Interested Investors are qualified and selected in view of commencing negotiations for the joint establishment of the Special Purpose Vehicle intended to develop, finance and build the Project*"[71].

[71] according to the definition in the Procedure on the establishment of mixed-capital companies, approved by SNN BoD Resolution No. 254/13.11.2023

[redacted]

The association framework proposed in SNN's latest version, namely a new *Investors' Agreement* **conferred withdrawal rights on the new partner, i.e. a put option over its shares** (the put option price being the total amount of the cash contribution brought to RPN's share capital plus a 10.5% return, calculated from the date on which the contribution was made until the date on which SNN completes exercise of the call option).

The tripartite association and the new Investors' Agreement were submitted for approval to the SNN GSM initially on **17.04.2024,** following SNN's requests No. 3825/25.03.2024 and No. 3487/18.03.2024 and the Ministry of Energy's reply No. 2369/SIB/26.03.2024 requesting that the EGMS agenda be supplemented with the following items: *"(…) 3. Approval of the conclusion of a direct partnership with* [redacted]*, as investor in the project company RoPower Nuclear SA (…); 4. Approval of the Tripartite Shareholders/Investors Agreement (SHA), to be concluded between SNN, Nova Power* [redacted] *for the development of the SMR Project in Doicesti, Romania, in the form negotiated between SNN and the Project Partners (…)"*

According to Ministry of Energy Order No. 431/12.04.2024, the representative of the Ministry of Energy in the SNN EGMS of 17.04.2024 voted "*abstain*" and requested that the supporting documentation be completed and, as applicable, endorsed and approved by the Company's management.

SNN's management stated[72] *that "following the abstention vote cast at the GSM meeting of 17.04.2024, it was decided to change the method of financing the transaction for acquisition of the Site, in accordance with the discussions held between SNN's representatives and those of the Ministry of Energy on 27.02.2025. We mention that, between April 2024 and February 2025, the steps related to the acquisition of the land were addressed in the context of bringing in a new investor, a structure in which acquisition of the Site would have taken place simultaneously."*

Subsequently, the association initiative was endorsed by the BoD by Decision No.

[72] in letter No. SNN_GUV-25-05081-05-11-2025

175/27.06.2024, requesting73 the finalization of the negotiation of the terms and conditions of the Tripartite Investors' Agreement between SNN, NPG and [redacted] [redacted], "*its purpose being to regulate shareholder/investor relations and, in particular, share capital contributions and the corporate governance process to be followed by RPN shareholders in the new, tripartite structure, and to ensure that the SMR Project is implemented and managed to maximize RPN's value*".

According to SNN's management[74], after Decision No. 175/27.06.2024, "*discussions were held between representatives of SNN, NPG,* [redacted] *and the Ministry of Energy regarding the form of the Agreement, the latter formulating a series of comments which led to the amendment of certain clauses of the Agreement*".

By BoD Decision No. 159/25.07.2025, the conclusion of a direct partnership with [redacted], as investor in the project company RoPower, was endorsed.

At the request of the CCPM audit team, the representatives of the Ministry of Energy explained, by letter No. 1003/BGI/12.01.2026, that **the "*abstain*" vote regarding "*approval of the conclusion of a direct partnership with* [redacted] [redacted] at the two SNN GSM meetings** represented "*the need to prioritise the Company's strategic investments for which the Romanian State has already expressed firm support, by adopting Memorandums and legal instruments*", as well as the result of discussions within the Interdepartmental Working Group for Energy Security (GLISE), which "*did not lead to the crystallization of any guidance/recommendations on possible mechanisms for continuing the Doicesti SMR Project, only highlighting the multiple risks and the budgetary context that limits the possibility of support from the Romanian State and, also, taking into account the financial pressure generated by the investment projects currently implemented by SN Nuclearelectrica SA*".

Also, in the above letter, it is specified[75] that "***the risks associated with the development of the Project, arising from SNN's capacity as guarantor of the loans contracted, are related to the failure to obtain in due time a support mechanism for the implementation of the project, the failure to obtain the environmental permit in due time, given that the Agreement provides for a series of events (Put option events) which, if they occur,*** [redacted] ***may decide on the sale of the shares held***".

The representatives of the Ministry of Energy thus considered that, according to the Agreement negotiated by SNN and RPN with [redacted] **may *at any time* or *for***

[73] by letter SNN No. 7975/28.06.2024
[74] item 9 of letter No. SNN_GUV-25-05081-05-11-2025
[75]

various reasons[76] **exercise the put option over its shares** (the put option price being the total amount of the cash contribution brought to RPN's share capital plus a 10.5% return, calculated from the date on which the contribution was made until the date on which SNN completes exercise of the call option).

In the reply sent to the CCPM, the Minister of Energy mentioned that, in September 2025, the specialist structures within the Ministry of Energy drafted a ***Memorandum entitled: "Certain measures required for the continuation of the project based on NuScale-type small modular reactor (SMR) technology, developed on the Site at Doicesti".***

Given the complexity of the project and the fact that it is a FOAK project, which implies additional risks and costs, this Memorandum proposed that "*the final investment decision in the Doicesti SMR Project, based on NuScale technology, should be taken not only on the basis of the FEED Phase 2 documents and conclusions, but also in the context of carrying out detailed analyses/evaluations/actions intended to support and underpin the decision to implement this project*".

The Memorandum outlined two possible options:

- option 1, based on the results of FEED Phase 2, the decision is taken to continue the project and then the involvement of private investors in the project is justified;

- option 2, based on the results of FEED Phase 2, the decision is taken not to continue the project and then the possibility of selling the project to a third party/developer can be analyzed.

As a result of **the vote of the representative of the Ministry of Energy at the GSM meetings of 03.09.2025 and 18.12.2025, who voted "abstain", to date the conclusion of the partnership with [redacted] has not materialized.**

In conclusion, **the initiative to bring in a new partner [redacted] has not been completed**, mainly **as a result of the identification of the risk** that, according to the negotiated rights and obligations, **the new partner might withdraw** for various reasons, a withdrawal which, in that situation, would have created **obligations and financial pressures for the State-owned enterprise.** It should be noted that, in **the first stage of the association between SNN and NPG, the supervising public authority did not carry out a similar assessment** when approving the *Investors' Agreement* in the form approved by *EGMS Resolution No. 9/22.09.2022*.

* * *

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76 [redacted]

The viewpoint[77] of SNN's representatives shows that the aspect regarding the withdrawal option of the new partner "*was clarified with the representatives of the Ministry of Energy and, in the latest proposal version (…) it was clarified that this option could only be exercised if one of the triggering events (Put option events) materialized*". The viewpoint also presents other initiatives aimed at bringing in third-party partners.

V. CONCLUSIONS

V.1. The stages of the SMR Project, as initially established under the EGMS Resolution no. 9/22.09.2022, are currently delayed, with completion of the FEED 2 stage running 20 months late against the initially determined timeline.

V.2. The site of Doicesti, which was selected for deployment of the SMR Project, ranked second in the assessment carried out by the consultant Sargent & Lundy. The decision to select the Doicești site was based on general arguments, and was not backed by any benchmarking of the technical and economic/financial specific pros and cons of the sites recommended in the Sargent & Lundy report.

V.3. The process of designating SNN's partner in the project company, namely NPG, and of establishing and operating the project company (RPN), was carried out in the absence of a Joint Venturing Procedure approved at SNN level under *ME Order No. 1180/2021* and without any prior assessment of compliance with the European rules governing public intervention in the economy. The lack of a Joint Venturing Procedure at SNN level, [redacted] drawing up and approving the Joint Venturing Procedure, during the period 04.11.2021 (the date of issue of ME Order No. 1180/2021) – 22.09.2022 (the date of SNN EGMS Resolution No. 9/22.09.2022 approving the establishment of the project company), this period of more than 9 months being reasonably sufficient for preparing the Joint Venturing Procedure, the need for such procedure being driven precisely by the existence of the SMR Project and the absence of other applicable regulations. The lack of a Joint Venturing Procedure [redacted] as regards initiating the steps to prepare such regulations. The Joint Venture between SNN and NPG was subject to an ex post review (almost 2 years after the SPV establishment) by a company specializing in assessment of such operations, against the rules applicable to State intervention in the economy. The said assessment concluded that, based on the national and international investment practice, a private investor

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would have proceeded in a similar manner, noting that, as regards the decision to have SNN and NPG enter into a Joint Venture, "*it is not possible to assess the level of risk attached to, or the arm's length conditions of, decisions concerned*". The same study recommended obtaining a formal standpoint from the Competition Council on the conclusions of that report, which has never happened. The inclusion in the Investors' Agreement of measures to mitigate the risk of economic concentration shows that, at the time the JV was established, the shareholders realized the need to perform the Prudent Private Investor Test (PPIT) and to take "steps to obtain the unconditional authorization from the Relevant Competition Authority"; nevertheless, both actions were disregarded in marking the joint venturing decision.

V.4. The process that concluded with the joint venturing decision was not substantiated by any benchmarking of the potential private entities against quantifiable criteria, by which the private partner should have demonstrated (through acquired qualifications and experience and, possibly, through assessable tenders) their financial, technical and engineering capacity (possibly complementary to that of SNN), including their capacity to take out the risks of the SPV's business activity in the same proportion as, post-joint venture, the decision-making control and financial results would have been shared. Claiming sole investor status based on land ownership cannot be accepted, as the private partner's conduct resulted in the sale of the land and the additional rebilling of works performed on said site, rather than in an in-kind contribution to the SPV's capital.

V.5. The provisions of the Investors' Agreement underlaying the Joint Venture between SNN and NPG, and even prevailing over the SPV's articles of incorporation, do not grant symmetrical rights and obligations to the two shareholders throughout the SPV's operation and the deployment of the project, which means that the shareholders' risks are also shared disproportionately, to the detriment of SNN. The private partner's participation in the project was secured through the *Investors' Agreement* and it holds no right whatsoever to withdraw from the JV or to recover the loan extended to the SPV, on terms equivalent to those granted to NPG. Such a disproportionate sharing of the risks, i.e., the asymmetric allocation of some of the rights and obligations, does not apply also to overall decision-making control over the business activity, which, under the terms of both the Investors' Agreement and the Articles of Incorporation, are perfectly balanced. Such decision-making balance can be easily seen in the powers and duties reserves to the GMS, the Bod and the CEO, according to which SNN may not decide on any matters relating to the SPV's business activity, unless such decisions are backed by the private shareholder.

V.6. The SPV establishment terms removed its business activity from the scope of both the applicable domestic regulations or the principles devised by the Organization for Economic Co-operation and Development on the corporate governance of State-Owned Enterprises, and the domestic and European regulations concerning public/sectoral procurement, and further resulted in a joint venture between a State-owned enterprise and a private partner whom significant non-transparent and non-competitive purchases of works and services have been and will be recognized, and reimbursed or compensated to, even from related private-law entities.

V.7. Prior to closure of the deal whereby the project company acquired the Site, under *RPN EGMS Resolution No. 1/29.05.2025*, the limits of the powers to conclude and approve contracts had been amended to the effect that the minimum threshold above which EGMS had to approve a contract was raised from more than EUR 5,000,000 to more than EUR 50,000,000, while approval of contracts between EUR 20,000,000 and EUR 50,000,000 (inclusive) was placed under Board of Directors' scope of powers, and the power to approve contracts worth up to EUR 20,000,000 was assigned to the CEO. Thus, with the vote in favor of the SNN's representative in the general meeting of shareholders and even at the initiative of the State-owned enterprise, a contractual framework was put in place under which the SNN's representative mandated in the RPN EGMS and the one appointed to the BoD would not formally assume any responsibility for approving any operations related to the site acquisition transaction.

V.8. In the context of valuation reports and studies indicating vastly different values for the Doicesti Site, although the Articles of Incorporation of ROPOWER NUCLEAR SA provide that any shareholder has the right to seek or directly conduct an audit/review, subject to unrestricted access to the premises and documents related to the SPV's business activities, SNN failed to take any step to clarify the discrepancies between the Site's market values presented in those valuation reports.

V.9. Both the amendment of the Investors' Agreement and the consummation of the transaction, through simultaneous conclusion of a sale contract and a rebilling agreement, were attempts to create the appearance that the site acquisition was an arm's length transaction. Nevertheless, since certain costs are rebilled, the transaction runs counter to any operations that two independent entities would have accepted under competitive market terms, since acquisition of an asset that required execution of an agreement additional to the sale and purchase contract, namely the *Rebilling Agreement*, implied that the buyer would assume a price significantly higher than its market price.

V.10. In December 2025, the estimated cost of the project was USD 6.5 billion, that is approximately USD 3.8 billion more than the initial estimate. Backed by sound reasoning, this conclusion is included strictly to highlight a broader trend in this type of process.

V.11. SNN was found to not have in place any system to monitor RPN's spending, specifically that covered from the shareholder loan extended by the State-owned enterprise. This oversight gap occurred despite the SPV's shareholder resolutions, as passed at the same time with approval of SNN's financing caps, explicitly allowing the delegation of *"certain or all operating activities"* to the executive management. Nor did SNN make any use whatsoever of the provision in the Investors' Agreement allowing shareholders to seek or directly conduct, periodically, an audit/review of RPG's business activity, subject to unrestricted access to the premises and documents related to RPN's business activity.

V.12. The conduct of SNN's Chief Executive Officer, the BoD members, and the Ministry of Energy, as supervising public authority, or of the persons mandated by it, in allowing or facilitating, as the case may be, the placement of SNN in a disadvantageous or onerous decision-making position vis-à-vis the other JV member (NPG) or the SPV (RPN), stands for a breach of each party's respective obligations under Law no. 31/1990 (republished) and the Civil Code.

VI. RECOMMENDATIONS AND PROPOSALS

VI.1. Remedial recommendations

In accordance with the provisions of Article 4(1)(d) of *Government Emergency Ordinance No. 87/2020 on the organization and functioning of the Prime Minister's Control Body, as well as on the establishment of measures to improve its activity*, the CCPM makes the following recommendations, for analysis by the entity and by the supervising authority and for the adoption of measures accordingly:

RECOMMENDATIONS

A. addressed to THE MINISTRY OF ENERGY, as supervising public authority

1. Analysis of the steps which resulted in the decision for SNN and NPG to enter into the joint venture and of the conduct of this joint venture, from the perspective of the European and national rules governing State intervention in the economy, namely of whether the joint venture meets market conditions, in order to eliminate the risk that it might subsequently be invalidated by the competent authority in the field, which was not notified in advance.

2. Analysis of the appropriateness of seeking contractual or administrative liability, as applicable, of the persons[78] who negotiated, endorsed and submitted to the Ministry of Energy for approval the draft *Investors' Agreement*. The analysis will also cover the appropriateness of adopting a decision on revocation for just cause, in relation to the conduct recorded when that agreement was adopted, of the Chief Executive Officer and the members of SNN's governance structures, as well as of seeking liability of the persons within the central supervising public authority who assessed and promoted for approval the draft *Investors' Agreement* at the level of SNN's general meeting of shareholders, given that this agreement, which prevails over the *Articles of Incorporation* of the project company,

- contained, in an initial form, provisions governing the acquisition of the Doicesti Site, contrary to the law;

- contains, in the amended form applicable at the date of acquisition of the Site, provisions which merely create the appearance that acquisition of the Site was a transaction complying with market rules, a transaction which, in the context of rebilling certain costs, increased the price recorded in the sale-purchase contract.

- does not grant symmetrical rights and obligations to the two shareholders throughout the operation of the project company and the implementation of the project, so that the shareholders' risks are allocated disproportionately, to the detriment of SNN, the private partner's participation in the project being secured by establishing a right to withdraw from the joint venture and to recover the loan extended to the project company, whereas this disproportionate allocation of risks is not reflected in the decision-making control over the project company.

3. Analysis of the extent to which the change in powers at the level of the Project Company, under *RPN EGMS Resolution No. 1/29.05.2025* by which RPN's Articles of Incorporation were amended, should, according to the principle of symmetry of legal acts, have required a mandate, i.e. approval from the majority shareholder, given that the *Articles of Incorporation* of the Project Company had previously been approved, together with the *Investors' Agreement* of which it formed an annex, by *SNN EGMS Resolution No. 9/22.09.2022*.

4. Analysis of the appropriateness of seeking contractual or administrative

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78 [redacted]

liability, as applicable, of the representatives of the national company who, in the context of the transfer of powers to the director of the project company, which they approved when its Articles of Incorporation were amended, did not take any steps to assess the lawfulness and cost-effectiveness of the entire set of preceding (property valuations) and final (assessment of the provisions of the Rebilling Agreement) operations which resulted in acquisition of the Doicesti Site, although, under the Investors' Agreement, they held audit and assessment rights over any operations of the project company, in their capacity as shareholder/investor. The recommendation is made in the context in which acquisition of the Doicesti Site involved reimbursement of the values of purchases of works and services carried out in a non-transparent and non-competitive framework by SNN's private partner, to a significant extent even from private-capital legal entities affiliated to it, and the power to approve the *Rebilling Agreement* under which reimbursement of those costs was agreed did not even follow the corporate approval process laid down by the amended Articles of Incorporation.

B. Addressed to Societatea Nationala "NUCLEARELECTRICA" SA

1. Assessment of the costs rebilled by NPG to RPN, including analysis of the advisability of initiating legal action to have the *Rebilling Agreement* cancelled, on the ground that this agreement did not go through the corporate approval process laid down in the *Articles of Incorporation* of the Project Company.

2. SNN to establish a more detailed and more effective system of monitoring the commitment and making of the Special Purpose Vehicle's expenditure, all the more so as such costs have been and are being covered from loans granted by the State-owned enterprise, and the private JV member has not yet participated even in the financing of the items specifically provided for in the *Investors' Agreement*, which reads that the private JV member shall provide the Special Purpose Vehicle with a loan for the land purchase.

VI.2. Proposals for information/use pursuant to the provisions of Article 13 of *Government Emergency Ordinance No. 87/2020*

In view of the findings and conclusions set out in the *Report on the inspection carried out at SN NUCLEARELECTRICA SA*, we propose that it be forwarded to:

a) The Prime Minister of the Government of Romania, for information;

b) The Ministry of Energy, for analysis and appropriate action;

c) Societatea Nationala "NUCLEARELECTRICA" SA, for analysis and appropriate action;

d) The National Agency for Fiscal Administration, in excerpt, for analysis and appropriate action.

* * *

We point out that the processing of the personal data included in this inspection report may be carried out only with due observance of data confidentiality and security, in accordance with the provisions of *Regulation (EU) No. 679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46/EC* (General Data Protection Regulation).

[redacted]