



No.

ENDORSED BY

**Chairman of the Board of Directors
Teodor Chirica**

NOTE

regarding the approval by the Extraordinary General Meeting of Shareholders of the authorization of the CEO of SNN to approve non-substantial changes to the Sectoral Contract for Supply of Products and Services no. RUEC 1607/ 27.11.2023 in accordance with the provisions of Law no. 99/2016, except for changes leading to an increase in the contract price in other situations than by strictly applying the indexation clause for unit prices and hourly rates provided in the contract itself

I. Presentation of the background

One of the important contracts signed by S.N. Nuclearelectrica S.A. ("SNN" or "**the Company**") in Phase 2 is the Sectoral Contract for the Supply of Products and Services no. RUEC 1607/27.11.2023 for the procurement of components for the Unit 1 reactor with long manufacturing cycle and the rental of retubing tools, as well as other related services, including technical assistance services ("**the Contract**").

The tender procedure applied for the award of the Agreement was "*Negotiation without prior invitation to competitive tender procedure*" pursuant to the provisions of Article 117(1)(c), in conjunction with para. (2)(b) and para. (4) of Law no. 99/2016 on sectoral procurement. In addition, the provisions of the Joint Order issued by the National Commission for the Control of Nuclear Activities (Comisia Nationala pentru Controlul Activitatilor Nucleare - CNCAN) and the National Agency for Public Procurement (Agentia Nationala pentru Achizitii Publice - ANAP) on 28 December 2022 on the approval of the specific conditions for the award of certain public procurement agreements and sectoral agreements for products, services and/or works intended for systems ensuring nuclear safety, radiological safety and physical protection functions, protection against cyber threats and reliable operation of nuclear installations, apply for the purchase of reactor components, given that CANDU is the "successor" of the Original Designer, following the reorganization of AECL (since 2011), CANDU has received from the original designer an exclusive license to use all of AECL's intellectual property in relation to CANDU 6 reactors.

According to the provisions:

- Article 91(1) of Law no. 24/2017 on issuers of financial instruments and market operations according to which "Deeds of procurement, alienation, exchange or pledge of assets from the category of fixed assets of the issuer, the value of which exceeds, individually or cumulatively, during a financial year, 20% of the total fixed assets, less receivables, shall be concluded by the directors or managers of the issuer only after prior approval by the extraordinary general meeting of shareholders";

- Article 13(3)(m) of the Articles of Incorporation of SNN, updated as at 5 April 2021 (in force at that time), according to which the Extraordinary General Meeting of Shareholders of SNN decides on the “procurement, alienation, exchange or pledge of assets in the category of fixed assets of the Company, the value of which exceeds, individually or cumulatively, during a financial year, 20% of the total fixed assets of the Company less receivables” and Article 13(4)(a) which provides that “the conclusion, by the Company, of any agreement, undertaking any obligation or commitment which may involve expenditure or undertaking any other significant obligation by the Company, in accordance with the limits of competence set out in Appendix no. 1 to this Articles of Incorporation”

and considering that:

- 20% of the value of the fixed assets of SNN, minus receivables, on 30 September 2023, was RON 1,149,020,779;
- the value of the agreement was CAD 781,843,204 (without VAT), equivalent to about EUR 543,459,869, respectively RON 2,700,017,320, higher than 20% of the value of the fixed assets of SNN minus receivables,

the competence to approve the conclusion of the Contract rested with the Extraordinary General Meeting of the Shareholders of SNN which adopted Article 10 of the Resolution no. 8/7.12.2023 of the Extraordinary General Meeting of the Shareholders.

The contract was signed on 27 November 2023 and entered into force on 7 December 2024, after the fulfilment of the condition precedent condition consisting of the approval of the contract by the Extraordinary General Meeting of SNN Shareholders; the Contract term is until 31 December 2031.

II. Justification of the need for and opportunity to approve the agenda item

Taking into account the Contract duration, its complexity and in order to facilitate its performance, it is appropriate to delegate to the General Manager of SNN the signing of addenda to the Contract in order to facilitate the execution of the Cernavoda NPP Unit 1 Refurbishment Project. These amendments to the Contract are non-substantial in accordance with the provisions of Law no. 99/2016. In the absence of such a delegation, any amendment to the Contract would have to be submitted to the approval of the Extraordinary General Meeting of SNN Shareholders, which may lead to delays (and potentially substantial costs for SNN), given the legal deadlines for convening the General Meeting of Shareholders. It can also result in shareholders seeking approvals for operational matters, which leads to overburdening this corporate governing body.

It is proposed that the CEO be empowered to approve only non-substantial amendments to the Contract, in accordance with the provisions of Law no. 99/2016 and with the exception of the addenda and amendments that lead to an increase in the Contract price in other situations than by strictly applying the indexation clause for unit prices and hourly rates provided for in the Contract itself which is a revision clause within the meaning of Article 236 of Law 99/2016.

Non-substantial changes are those that fulfil the conditions provided by Article 237, Article 238, Article 240 and Article 241 of Law no. 99/2016.

Also, the CEO may sub-delegate these powers to the Manager of the Cernavoda NPP Branch, in whole or in part.

III. Proposals submitted to the approval of the Extraordinary General Meeting of Shareholders:

Empowering the CEO of SNN to approve non-substantial amendments to the Sectoral Contract for the supply of Products and Services no. RUEC 1607/27.11.2023 in accordance with the provisions of Law no. 99/2016, with the exception of the amendments leading to the increase of the Contract price in other situations than through the application of the indexation clause for unit prices and hourly rates provided for in the Contract and to sign the Addenda to the Contract containing these non-substantial amendments on behalf of the Company (including as a result of the application of the revision clauses within the meaning of Article 236 of Law 99/2016), the CEO being able to sub-delegate these powers to the Manager of the Cernavoda NPP Branch, in whole or in part.

Cleared by,

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