TITLE **SPECIFIC CORPORATE POLICY ON THE INTERNAL CONTROL SYSTEM WITHIN THE SNN GROUP**

PURPOSE Implementation and development of an internal control system, specific to the field of activity of each company of the SNN Group, in order to ensure a good use of resources (financial, human) and their correlation with the company's objectives; improvement of the information flow, ensuring the integrity of assets as a monetary expression of the economic means with their sources of financing, as well as the financial results of the economic activity, strengthening of the budgetary and economic-financial discipline, compliance with the legal provisions, regulations and internal decisions.

APPLICATION All SNN Group officers

REQUIREMENTS **Internal Managerial Control**

- The Internal Managerial Control System (SCIM) developed and implemented by the companies of the SNN Group must ensure:
    - Compliance, in a coherent and integrated manner, with all legal and regulatory requirements applicable to the activities carried out, the internal control standards promoted by the General Secretariat of the Government, as well as the applicable rules of good practice;
    - Adherence and compliance with the policies and principles established within the group structure;
    - Implementation of policies and achievement of objectives set within the company;
    - Effectiveness and efficiency in carrying out the established activities, processes and objectives.
- The Internal Managerial Control System (SCIM) developed and implemented by the companies of the SNN Group must:
    - Be adapted to the specifics and size of the company, depending on the particularities of the legal framework of organization and functioning, as well as the standards of internal managerial control, respectively in correlation with the management systems implemented within SNN (Head Office, branches and subsidiaries) so as to ensure compliance with all legal requirements, rules and standards applicable;
    - Operate with a set of procedures, means, actions, provisions, etc. established by the management, in order to allow it to have a good control over the functioning of the company as a whole; The control tools include the following elements: objectives, means, information system, organization, procedures and control.
- The management of each company of the SNN Group will use the information provided by the internal managerial control in order to consolidate the managerial decisions regarding the activity plan, the organization and coordination of the structures, the accurate determination of the responsibilities of the structures and of the persons involved in the company's activities;
- In order to monitor and coordinate the implementation and development of the SCIM at the SNN Group level, the Technical Secretariat within the DCFM-SNN Head Office carries out counselling activities for the staff of each company within the SNN Group;
- The management of each company in the SNN Group is responsible for the implementation of the SCIM within them, applying the internal managerial control tools, including the decision to establish a Monitoring Committee (CM-SCIM);

- The companies of the SNN Group submit, within the established deadlines, the reports on the internal managerial control system to the Technical Secretariat of the DCFM-SNN Head Office, for analysis, centralization and reporting to the SNN Group management, as well as to the relevant ministry;
- The SNN Group companies promptly inform about any deviation from the legal requirements identified by the national inspection and control bodies that result in warnings and/or fines.

Financial Management Control

- In support of its activity, the achievement of business objectives and compliance with national legislation, S.N. Nuclearelectrica S.A. has implemented, developed and constantly improved an internal control system in order to ensure the economical, efficient and effective management of assets. A component of this set of control forms exercised at the level of the company is the financial management control, which is part of the second line of defence of the internal control system, with the mission to ensure that the first line of defence is adequate, implemented and functioning properly.
- The financial management control is organized at the level of SNN S.A. (within SNN Head Office) with responsibilities for exercising control in all sub-units (including subsidiaries) - considering the shareholding structure of the companies over which SNN S.A. has significant control over decisions and operations, and is exercised by the staff of the Financial and Managerial Control Department (DCFM) on the basis of the annual control program approved by the CEO and the Board of Directors of SNN S.A.
- The DCFM staff also carries out actions of verification, guidance, optimization of internal control activities according to the organizational and operational needs of SNN (including all sub-units).
- It is the policy of the Financial and Managerial Control Department of SNN to exercise within the subsidiaries:
    - *Financial management control*, as part of the preventive component of verifying the basis for the draft budget of revenue and expenditure and/or through the instrument of operational control that is exercised on certain activities or economic and financial operations carried out during the current financial year, to prevent the causes of the occurrence of dysfunctions;
    - *Financial management control (post-factum)* - which provides assurance on:
        - execution of operations in an orderly, ethical, economic and efficient manner;
        - fulfilment of the obligations with responsibility; compliance with the laws and internal regulations in force;
        - protection of the resources against loss, abuse and damage;
        - consolidation of the internal control system so as to effectively ensure prevention of irregularities and recovery of losses caused by irregularities or fraud.
    - *Verification, Guidance, Optimization of Internal Control Activities*, which includes the analysis of the way in which the company's processes are managed, in compliance with the principles and standards of internal control, their efficiency and effectiveness, as well as the establishment of actions to optimize these processes in order to improve their efficiency and effectiveness from the economic point of view.
- Communication and interaction with SNN's subunits and subsidiaries in the exercise of activities within the control and guidance processes are carried out in accordance with the applicable procedures;

- SNN, through the instrument of financial management control, respectively operational control/controlling, facilitates the link between managerial decision and execution, elaborates analyses that lead to optimization, to the improvement of the budgeting process by increasing the accuracy of the basis of the budgeted and forecast values. In correspondence, the subsidiaries follow the uniform application of the general principles, taking over and, where appropriate, detailing the procedures of SN Nuclearelectrica SA, in their own procedures developed and adapted to the specific activities of the subsidiaries;
- The SNN Group companies promptly inform about any deviation from the legal requirements identified by the national inspection and control bodies that result in warnings and/or fines.

ASSOCIATED PROCEDURES	CM-00-01 rev. 6 "Organization and functioning regulation of the Commission for monitoring the implementation and development of the internal managerial control system (CM-SCIM) of the National Company Nuclearelectrica S.A." CM-00-03 rev. 2 Setting and monitoring objectives within SNN SA CF-00-01 rev. 5 "Organization and exercise of financial management control" AIMP-00-01 rev. 1 "Verification, guidance and optimization of internal control activities" CM-00-02 rev. 1 Management of sensitive functions at SNN SA level

EFFECTIVE DATE	On the date of approval	APPROVAL	SNN Board of Directors