TITLE **SPECIFIC CORPORATE POLICY ON INTERNAL AUDIT ACTIVITIES WITHIN THE SNN GROUP**

PURPOSE Implementation and development of a system of internal control, 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.

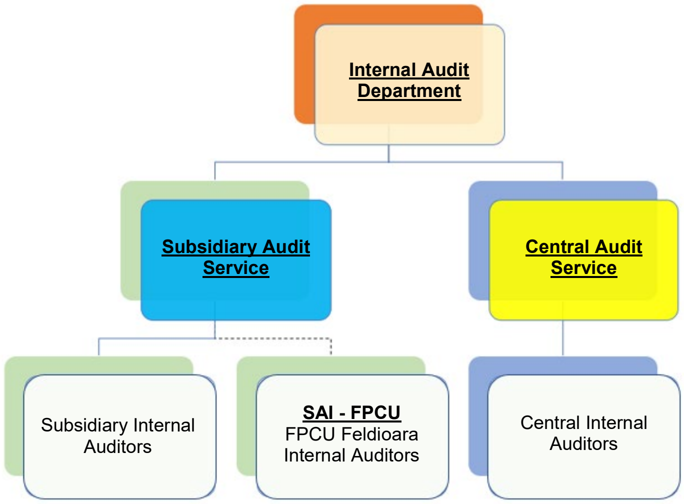
APPLICATION All SNN Group officers

REQUIREMENTS **Internal Audit**

- The Internal Audit Department within the Audit and Risk Management Department of SNN (DAI-SNN) ensures (since its establishment and through its own approved Charter/Methodological Standards) the IPA function for the National Company Nuclearelectrica SA (SNN), including the Head Office, the branches Cernavoda NPP and Pitesti NFP (units/entities without separate/individual legal personality);
- Public internal audit departments within hierarchically subordinated entities (under the coordination or under the authority of another public entity) may be established according to Art. 11, letter f) of Law 672/2002, namely: "the head of the subordinate public entity, respectively under the coordination or under the authority of another public entity shall establish and maintain a functional public internal audit department, with the consent of the superior public entity; if this consent is not given, the audit of the entity concerned shall be carried out by the public internal audit department of the public entity that decided so.";
- According to Art. 2, letter c^1) of Law 672/2002, the internal public audit department is organized and functionally ensured "by setting up an internal public audit department consisting of at least 2 internal auditors' positions, full time and with the provision of the financial resources necessary to fill the positions and the functioning of the department, or by ensuring the internal public audit function by the higher hierarchical body";
- The SNN Internal Audit Department's policy is to give its consent for the establishment of the public internal audit department to the SNN subsidiaries (subordinated public entities, with separate legal personality) that wish and request this, including their methodological advice or the supplementation of human resources where they are insufficient or their supplementation is not economically justified (e.g.: the subsidiary FPCU Feldioara has its own and fully functional Internal Audit Service starting with July 2023; the other subsidiaries do not have internal public audit departments established, even if they have or do not have these structures in their own organizational charts, and then DAI SNN must provide assurance on the activities of these subsidiaries, as they become operational and increase the materiality of the budgets / risks managed);
- Both upstream (by the Internal Public Audit Department of the Ministry of Energy - CAPI-ME) and downstream (in relation to the Internal Audit Service of the FPCU Feldioara subsidiary - SAI-FPCU, the other subsidiaries having the internal audit function provided by the hierarchically superior body DAI-SNN), the hierarchical coordination, on levels, of the Internal Public Audit function, performed by the IPA structure of the hierarchically superior entity, is manifested (without being limited to these) by:
    - Agreement / notice of establishment of IPA structures in subordinate entities;

    - Opinion for the head / coordinator of the IPA structure in subordinate entities;
    - opinion on the Internal Audit Charter / Methodological rules on the exercise of the IPA activity (for the purposes of the group unit, the option of DAI-SNN is to recommend adherence to and advise on the adoption of the SNN methodology);
    - coordination and aggregation of the annual Internal Audit Plans at SNN Group level for their approval and endorsement by the CEO and the Audit Committee (AC) of SNN;
    - providing the function, human resources or methodological advice in the execution of audit missions;
    - monitoring and aggregating the results by elaborating the Annual Report of the IPA activity at the SNN group level, which is submitted for approval and endorsement to the CEO and AC of SNN, respectively, for submission to CAPI-ME and the Court of Auditors of Romania.
- DAI-SNN has given its consent (by letter no. 6310/27.05.2022) for the establishment of the internal audit structure of the FPCU Feldioara subsidiary, guiding the adherence and advising the adoption by SAI-FPCU of the SNN audit methodology (Charter/ Methodological standards of internal audit). Also, DAI-SNN granted a favourable opinion (no. 4686 / 12.04.2023) to the SAI-FPCU manager and obtained approvals for the reports (no. 6826 / 03.06.2020; no. 3168/07.03.2023) for taking over and ensuring the internal public audit function for the subsidiaries EnergoNuclear (EN) and Nuclearelectrica Serv (SER), respectively;
- Regarding the Annual Internal Audit Plans and the Annual IPA Activity Report of SNN, they have always included the group perspective, by aggregating the information related to the subsidiary EnergoNuclear since its establishment (either through the IPA-EN structure aggregated until 2019, or through the IPA structure provided by the higher hierarchical body of DAI-SNN starting with 2020), a perspective that was extended to the newly established subsidiaries FPCU Feldioara and Nuclearelectrica Serv, starting with the documents related to 2022;
- From the perspective of communication and interaction in the exercise of internal audit activity, they are direct, based on the Internal Audit Charter, which confers authority and unrestricted access to all information and resources (including human) necessary for the proper fulfilment of the function, being interfaced by SAI-FPCU only in relation to the Feldioara FPCU subsidiary;
- For the purpose of operational efficiency of the activity, specialization and creation of effective lines of communication in step with the development needs of the SNN Group and the main strategic lines, the Internal Audit Department of SNN was reorganized during 2023 by establishing within it 2 structures, as follows:
    - The Central Audit Service (SAC), which carries out internal audit missions in the area of the parent company SNN - Head Office and branches Cernavoda NPP and Pitesti NFP, including audit planning, follow-up of recommendations (action plans) and activity reporting (quarterly / annual);
    - The Subsidiary Audit Service (SAS), which conducts the same types of engagements and actions:
        - ensuring the internal audit function in the area of entities (subsidiaries) within the SNN group, which have not organized their own functional internal audit structure;
        - coordinating the work of the internal audit functions within the same entities, which have set up their own internal audit structures (currently only SAI-FPCU), ensuring (where necessary) the needs for additional human resources.

- During 2023, the Procedure for the coordination and monitoring of internal audit activity within SNN subsidiaries was developed and issued;
- The new organizational structure of IPA in line with the need for development of the internal audit function at SNN Group level is graphically represented below:



ASSOCIATED PROCEDURES	Procedure AI-00-01 - Coordination and monitoring of internal audit activity within the Subsidiaries of Nuclearelectrica S.A.		
EFFECTIVE DATE	On the date of approval	APPROVAL	SNN Board of Directors