



CODE OF GOVERNANCE

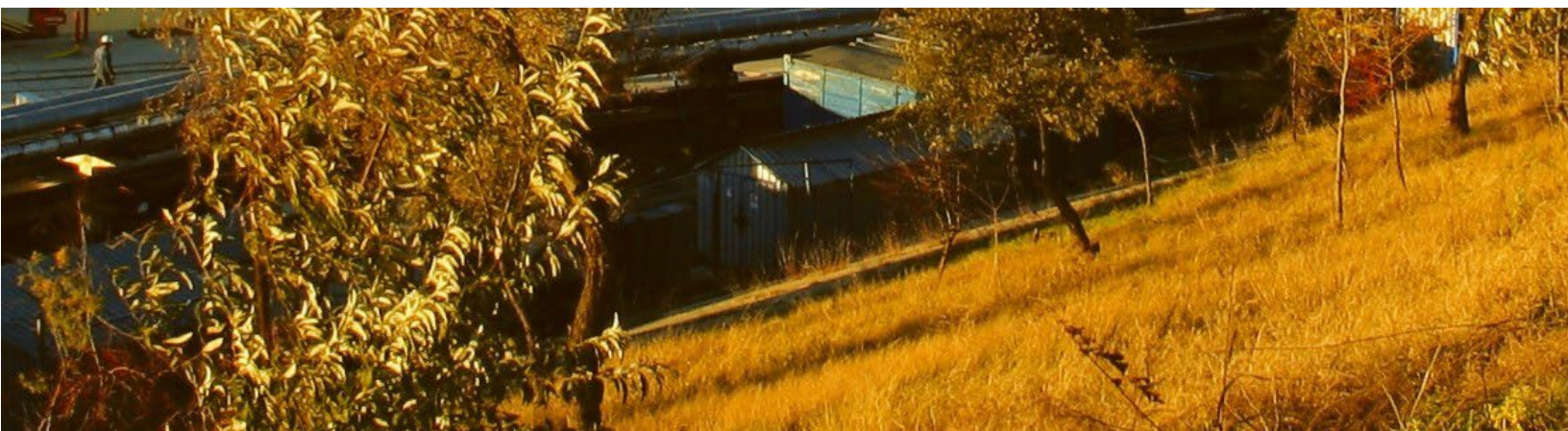
General standards

Societatea Nationala Nuclearelectrica S.A.

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NUCLEARELECTRICA





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The **code of governance at SNN Group level** aims to establish and implement a set of rules for the administration and management of the group companies, in order to determine the way in which the rights and obligations are established, respectively the structure and functioning of the decision-making system, to ensure the consistency of strategic directorates within the group and their management in accordance with uniform standards of good corporate governance.

It also establishes the framework for the operationalization of the management strategy of the SNN Group companies by promoting, implementing and maintaining in a unified manner the general standards and specific corporate policies at the level of the companies over which Nuclearelectrica has significant control of decisions and operations, with the aim of exploiting synergies, reducing costs and increasing operational efficiency.

The general standards contain common principles and are established on the basis of the functional areas defined in SNN. Associated with these are specific corporate policies that define unitary requirements for implementation.

The principles and requirements of the code of governance are propagated in the subsidiaries in line with the group's values, formalized in specific corporate documents and transposed into objectives, policies and documents of the management systems (manuals, process sheets, procedures, instructions, etc.).

2. Introduction

SNN plays a strategic role in the national economy, since it is the sole nuclear technology-based electricity producer in Romania and one of the most important producers on the domestic electricity market. Nuclear energy, the source of energy with low-carbon emissions, has a significant share in the total of the national electricity production (approximately 18 %) and represents a main component of Romania's energy mix.

SNN generates electricity and thermal energy using two CANDU 6 nuclear reactors with an installed power of approximately 700 MW each, which are operated by Cernavoda NPP Branch. Moreover, through the Nuclear Fuel Plant Pitesti Branch ("Pitesti NFP"), SNN produces the nuclear fuel needed for the operation of the two nuclear power units.

SNN's vision is to build a sustainable future for the tomorrow's generation, its mission is to generate clean energy at standards of excellence, while its values revolve around professional excellence, care for the employees, safety and sustainability, empathy and accountability, as well as sustainable development.

The company is listed on the Bucharest Stock Exchange (stock symbol SNN), and the shareholding structure is presented as follows: The Romanian State through the Ministry of Energy - 82.4981 % and other shareholders - 17.5019 %.

SNN has two branches:

- ▶ Cernavoda NPP Branch, operating Cernavoda NPP Units 1 and 2 and also the ancillary services;
- ▶ Pitesti NFP Branch, a company qualified to produce CANDU nuclear fuel.

SNN, as the parent company, is the sole shareholder / sole member for:

- ▶ S.C. Energonuclear S.A. subsidiary, for acquiring Cernavoda reactors 3 and 4;
- ▶ Nuclearelectrica Serv S.R.L. subsidiary, a company specializing in the provision of services to the SNN Group companies, under safety and economic predictability conditions;
- ▶ Fabrica de Procesare a Concentratelor de Uraniu - Feldioara S.R.L. subsidiary, carrying out production, purification and conversion of the technical-grade uranium concentrates, to obtain sinterable uranium dioxide powder.

Moreover, SNN, together with Nova Power & Gas (a member of E-INFRA), established Ropower Nuclear S.A. as the special purpose vehicle in charge with the development of small modular reactors (SMRs) in Romania.

The SNN Group of companies (hereinafter referred to as the SNN Group) consists of the National Company "Nuclearelectrica" SA (Head Office and the 2 Branches) and the Subsidiaries Energonuclear, FPCU Feldioara and Nuclearelectrica Serv.

The provisions of this code of governance as well as the measures for its realization are based on the main directions of action included in the National Strategy for the development of the nuclear field in Romania for the period 2022 - 2030, with a 2050 perspective and convergent with the directions of action of the European Union's energy policy. The Letter of Expectations issued by SNN's majority shareholder, the Ministry of Energy, set out the general objectives, expectations and wishes of the shareholders, which were transposed into the Management Plan.

One of the general objectives requested in the Letter of Expectations is "To provide the organizational framework for the development of the group structure integrating all SNN subunits, subsidiaries and branches". This code of governance is the framework for implementing this objective.

The SNN Group values are:

SAFETY AND SUSTAINABILITY

Together, we are responsible for nuclear safety , our overriding priority! Team, public and environmental safety, alongside operational safety and sustainability, come first for each of us, irrespective on the position we hold.

Our Nuclear Safety Culture relies on WANO PL 2013 – 1 standards.

PROFESSIONAL EXCELLENCE

Together we are a Nucleus of Excellence! In everything we do, we aim to achieve and sustainably maintain the highest performance standards. Together, we set ambitious targets for which we assume responsibility, as a team and individually.

Our performance and continuous improvement culture relies on the Staying on Top, INPO 19-003 principles.

CARE FOR OUR EMPLOYEES

Each and every colleague is a **valuable member of the team** and each colleague brings an important contribution to the success of the organisation. Each of us must be proud of our personal contribution and, at the same time, responsible for the continuous professional development and for the preparation of our team and of the new colleagues for the future.

We offer **appreciation** and **recognition** for excellence level results.

We respect the Staying on Top, INPO 19-003 principles, including leadership and talent development, continuous learning, self-awareness and self-correction.

EMPATHY AND RESPONSIBILITY

Together we are a Nucleus of Care ! We support the communities in which we operate! We contribute substantially through socially responsible projects targeting the **education, healthcare** and **social/environmental** sectors.

We comply with the ESG (environmental, social and governance) principles and with the sustainability goals of the United Nations, as Nuclearelectrica has been affiliated to United Nations Global Compact starting with 2021.

SUSTAINABLE DEVELOPMENT

Everything we do today impacts the future. Nuclearelectrica's strategic projects contribute to **Re-energising Romania** with clean energy!

This is precisely why we comply with the Staying on Top, INPO 19-003 standards and pay particular attention to establishing and promoting the strategic directions, which are also our values.

3. Business Management Model - SNN Group

The SNN Group's specific business management model centralizes functional areas based on criteria of efficiency and judicious allocation of resources, exploiting synergies between the different components of the business chain, leveraging the competences, benefits and optimizations resulting from centralized support services.

The SNN Group carries out its activity in an organizational framework that represents the set of dynamic, complex activities, grouped into functional areas that condition each other and whose integration allows the companies and the group to react to changes in the internal and external context, to develop and evolve efficiently.

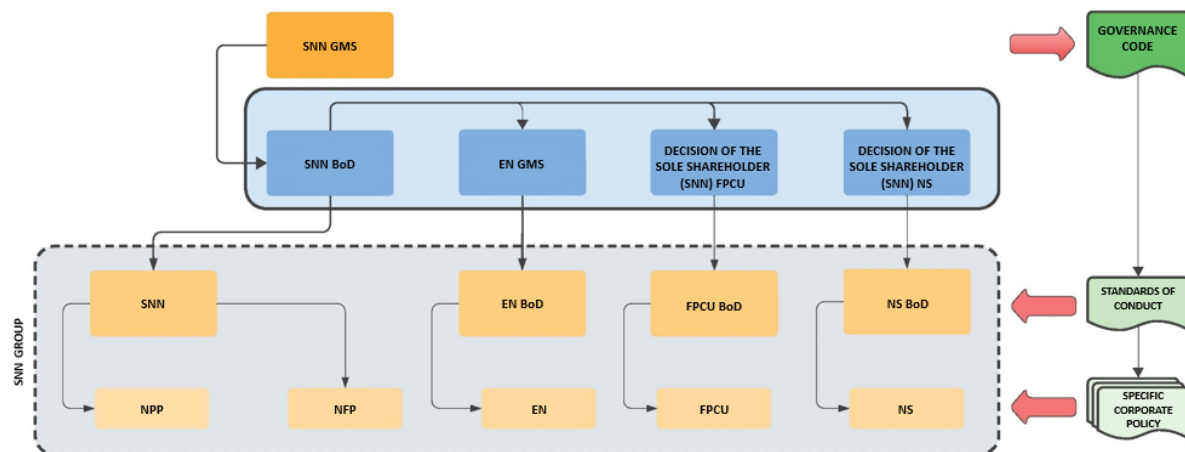
Providing the organizational framework for the development of the group structure integrating all subunits of SNN aims to maximize value for the company through efficient allocation of resources, improving their performance through corporate governance, with a focus on cost-effectiveness, efficiency and responsible behaviour towards all stakeholders.

The Ministry of Energy, in its capacity as a public supervisory authority, has iterated the need to develop a group structure in order to optimize and streamline the activities carried out at the level of all subunits, align the internal normative/regulatory framework, respectively expand the internal control system with the integration of subsidiaries and develop control and reporting capabilities at group level.

The group structure provides the basis for SNN, as the sole shareholder/majority shareholder, to exercise control over the decision-making and operations carried out within the companies of the SNN Group.

From the corporate governance perspective, both SNN and its subsidiaries are subject to the provisions of Law no. 31/1990 corroborated with the provisions of the Government Emergency Ordinance 109/2011, as supplemented and amended by Law no. 187/2023, taking into account the definition given to public enterprise, namely: art. 2, point 2 b) national companies, national enterprises and companies in which the state or an administrative-territorial unit is the sole or majority shareholder or in which it holds the controlling interest; c) companies in which one or more public enterprises referred to in a) and b) above hold a majority stake or a controlling interest.

ANNEX A - DECISION-MAKING STRUCTURE GOVERNANCE CODE SNN GROUP



Decision-making structure:

The organization and functioning of SNN, as a public enterprise, public entity and parent company ensures compliance with the provisions of Government Emergency Ordinance 109/2011, with the provisions of Law no. 31/1990, republished, as subsequently amended and supplemented, with the provisions of Law no. 24/2017 and with Law no. 287/2009 on the Civil Code, republished, as subsequently amended and supplemented.

SN Nuclearelectrica SA

- ▶ is managed by the **General Meeting of Shareholders (GMS)**, which decides on the company's activities and its economic and business policy;
- ▶ is managed by the **Board of Directors (BoD)** - entrusted with the fulfilment of all actions necessary for achieving the company's object of activity, except those reserved by law for the General Meeting of Shareholders;
- ▶ **The Executive Management** - responsible for taking all measures related to the management of the Company, within the scope of the company's business and observing the exclusive powers reserved under the law or the Articles of Association to the Board of Directors and to the General Meeting of Shareholders.

According to the provisions of the Articles of Incorporation of SN Nuclearelectrica SA, the General Meeting of Shareholders, respectively the Board of Directors of SNN, approves the mandate of the SNN representatives in the General Meeting of Shareholders of the Subsidiary SC Energonuclear S.A., respectively mandates the SNN CEO to exercise control by the agreement (decision) of the sole shareholder for the subsidiaries Nuclearelectrica Serv S.R.L. and FPCU - Feldioara S.R.L. In this case, the rights and obligations of the General Meeting of Shareholders (GMS) are vested in the SNN's CEO, the role of the GMS being thus substituted by decisions of the sole shareholder (SNN).

At the same time, according to the decision/provisions of the Articles of Incorporation of the **Subsidiaries Energonuclear S.A., Nuclearelectrica Serv S.R.L. and Fabrica de Procesare a Concentratelor de Uraniu - Feldioara S.R.L.**, the Board of Directors of SNN is constituted in the General Meeting of Shareholders (GMS) of Energonuclear S.A., respectively sole shareholder in respect of Nuclearelectrica Serv and FPCU by the mandate of the CEO of SNN.

Within the SNN and its subsidiaries as a group structure, decisions are made by reference to a model that subsumes the ownership policy established by the supervising authority, in accordance with the public interest and the principles of efficient allocation of resources in order to maximize results.

In accordance with the provisions of the articles of incorporation, through the GMS and BoD, Subsidiaries ensure the implementation of an internal control system, namely the introduction of reporting mechanisms, the decision-making control being realized through the approval mechanisms provided by law.

The SNN Group carries out its activity in an organizational framework that represents the total set of activities, which condition each other and whose integration allows companies to develop and evolve efficiently, individually, as well as the group to react to changes in the internal and external context.

The SNN Group's specific business management model, centralizes processes and activities (functional areas) at SNN level (parent company) based on efficiency criteria and judicious allocation of resources, exploiting synergies between the different components of the business chain, leveraging the competences, benefits and optimizations resulting from centralized support services.

Thus, general standards and specific corporate policies are applied at the level of the main (similar) functional areas at the Group level, which summarize unitary principles and working practices, in order to ensure a common reporting system with homogeneous and comparable information, the basis for management analysis and decisions.

Depending on the specifics of the operations, the activities may be categorized as shareholder costs incurred for the benefit of the Group, or they may be in the nature of expenses that are charged between Group companies as a result of specific corporate policies.

Regardless of the specific nature of the activities carried out, within the SNN Group, a series of governance standards and policies are systematically and uniformly defined and complied with, as set out in this document. The general standards include the common principles applicable to each functional area, and the requirements that should be taken into account in the implementation are set out in the specific Corporate Policies (included in the Annexes to Chapter 5 of this document). Specific corporate policies are considered as stand-alone documents, they are disseminated and updated separately, their revisions coming into force and taking effect with the approval of the Board of Directors of the National Company "Nuclearelectrica" SA.

Within each policy, the management function, i.e. the functional area coordinator is responsible for:

- ✓ defining expectations set by specific standards and policies,
- ✓ monitoring the implementation mechanisms established by the subsidiary management and their effectiveness through evaluation and monitoring activities,
- ✓ providing the necessary support whenever requested by the subsidiary management,
- ✓ actively participating in solving reported bottlenecks.

The executive management of each subsidiary assumes the responsibility and formulates the commitment to fully comply with these principles and requirements, establishing appropriate implementation mechanisms, depending on the specific activities carried out. The principles and requirements formulated in this code and specific policies are operationalized by incorporation in policies, manuals, procedures and instructions developed and applied at the level of each subsidiary. SNN is responsible for communicating the Group's specific policies to all subsidiaries, including updating or revising them. Communication mechanisms will be established between the subsidiaries and SNN, which will allow to take and analyse the proposals and recommendations made by the subsidiaries, which are intended to improve the code and specific corporate policies. SNN management encourages feedback from the subsidiaries.

As the implementation, at subsidiary level, of the requirements formulated in the specific policies depends to a large extent on concrete actions initiated at SNN level, the functional area coordinator ensures the transmission to all subsidiaries of the information necessary for the implementation of the requirements and the establishment (where appropriate) of a common action plan.

The chart in Annex B shows the functional areas by values.

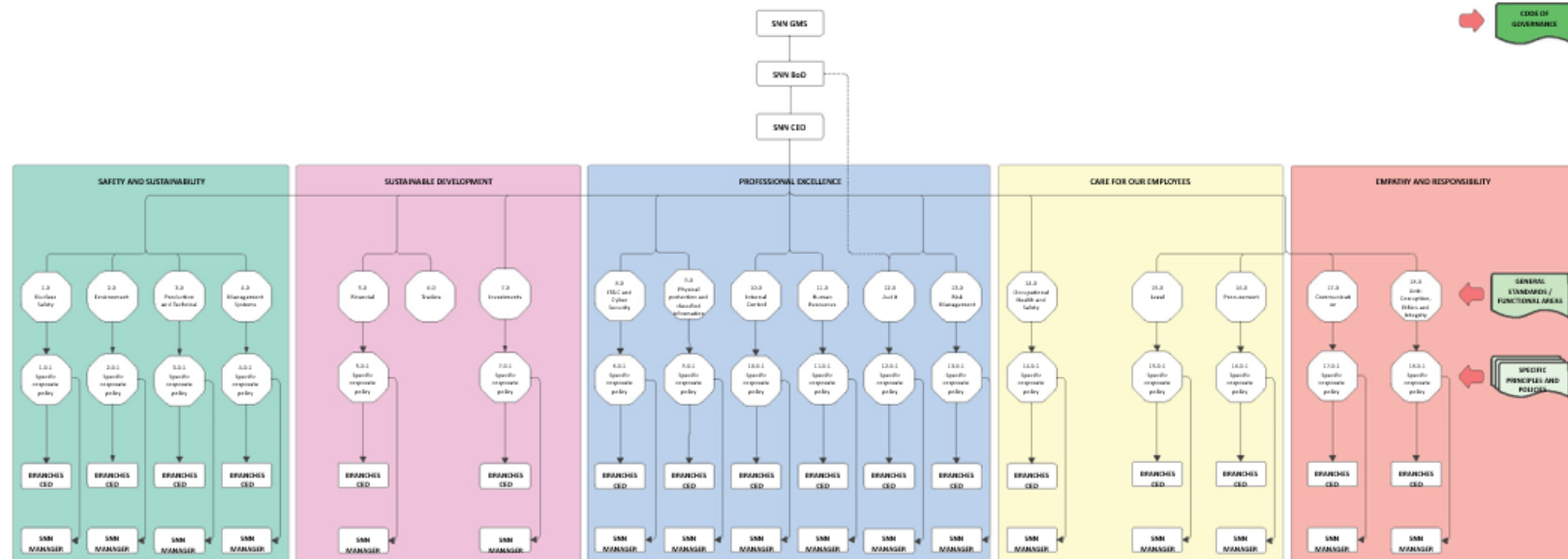
ANNEX B - FUNCTIONAL AREAS IN THE SNN GROUP

SNN'S MISSION

We generate clean energy at standards of excellence

SNN'S VISION

We are building a sustainable future for tomorrow's generation



4. General standards

1.0 Nuclear Safety

In order to meet the overall objective of nuclear safety, namely minimizing the risks associated with exposure to ionizing radiation for the personnel performing professional activities, the population and the environment, the companies of the SNN Group are committed to maintaining high standards of nuclear safety, expressed through clear strategies, plans, targets and objectives, supported by adequate financial, material and human resources.

The continued maintenance of high standards of nuclear safety has the highest priority in all activities related to nuclear installations and takes precedence over other requirements, such as production, cost and schedule aspects; the decision-making process emphasizes the importance given to nuclear safety and respects this principle.

The management staff of SNN Group companies promote, by personal example, the behavioural patterns, values and beliefs that lead to the continuous development of a strong nuclear safety culture. At the same time it ensures that each employee is responsible for nuclear safety and the quality of his or her work and must behave in accordance with the traits of a healthy nuclear safety culture.

The companies of the SNN Group, depending on the specific nature of their activities, are responsible for complying with the legal and regulatory requirements on emergency management and nuclear safeguards.

The general principles to be adopted, depending on the specificity of the activities carried out, by all the companies of the SNN Group are contained in the **"Nuclear Safety Policy at the level of the National Company "Nuclearelectrica" S.A.", code SN-00-01.**

In accordance with the provisions of the CNCAN Standard NSN 20 "Rules on Nuclear Safety Policy and Independent Nuclear Safety Assessment", when required, the SNN Group companies establish and ensure the necessary measures for the implementation of an independent nuclear safety assessment process, as a whole, for all nuclear facilities, processes and activities for which they are responsible.

Independent assessment of nuclear safety refers to an integrated, continuous assessment of compliance with all applicable nuclear safety requirements, carried out by personnel who have the necessary expertise, experience and qualifications and who are not involved in the activities they assess. The organizational entity with responsibilities for the independent assessment of nuclear safety must have sufficient competence, authority and independence to implement the assigned responsibilities and report to the highest level of management within the organization.

The organizational entity responsible for the independent assessment must be separate from the entities responsible for design, engineering, construction, commissioning, operation, decommissioning, from the organizational entity responsible for the design, development, maintenance and continuous improvement of the management system and from the organizational entity responsible for the ongoing nuclear safety assessments.

The size and areas of expertise of the organizational entity with responsibilities for the independent assessment of nuclear safety must be determined according to the complexity of the nuclear installations under the control of the authorization holder and the related activities.

The specific requirements in the field of nuclear safety that apply in a unitary manner throughout the SNN Group are set out in **Annex SNN-POL-1.0.1 "Specific corporate policy on nuclear safety".**

2.0 Environmental Protection and Radiological Safety

At the level of all SNN Group companies, the concept of sustainable development is supported and respected by reflecting its values in environmental protection activities, radiological safety assurance, working practices and professional culture.

The executive management of the SNN Group companies formulates and assumes a commitment to environmental protection, radiological safety, compliance with legal and regulatory requirements and continuous improvement of performance in these areas.

All activities with impact on the environment and radiological safety, have a preventive character and are carried out on the basis of authorizations / agreements issued by the competent environmental authorities and the regulatory authority in the field of nuclear activities, CNCAN, with the consistent application of the **ALARA** principle, where appropriate, being permanently in view.

All measures are taken in order to ensure the protection of ecosystems, the efficient use of energy and resources as well as to prevent pollution.

Within the SNN Group companies a responsible management is implemented of radioactive and non-radioactive waste that ensures compliance with legal requirements, national and international standards applicable to ensure both the protection of the population, personnel and the environment.

The specific requirements in the field of environmental protection and radiological safety, which are applied in a unitary manner throughout the SNN Group, are set out in **Annex SNN-POL-2.0.1 "Specific corporate policy on environmental protection and radiological safety"**.

3.0 Production Process Coordination and Technical Support

The management of the SNN Group companies is responsible for organizing and conducting the technical and production processes, specific to their own activities, in compliance with all applicable legal and regulatory requirements, standards, specifications, design documentation, etc. and in accordance with the limits and conditions of the authorizations held.

On the basis of the mandate contract and the letter of expectations, all measures are taken to achieve the set objectives and performance indicators in an efficient and effective manner.

Production activities are organized in conditions of safety and security. All the necessary measures are taken to ensure that the products and services realized meet all the performance requirements requested by contractual documents, design requirements, specifications, legal requirements, etc.

At the level of the SNN Group companies involved, the implementation of policies and strategies for securing raw materials for the fabrication of nuclear fuel and for building up safety stocks will be ensured.

The specific requirements in the field of coordination of production and technical support that apply in a unitary manner at SNN Group level are set out in **Annex SNN-POL-3.0.1 "Specific corporate policy on the coordination of production processes and technical support"**.

4.0 Management System

In compliance with the legal and regulatory requirements in the nuclear field, SNN Group companies develop and implement, maintain and continuously improve their own management systems. The CEO of each Group company is responsible for the development and operation of the Management System and for its efficiency and effectiveness.

When required by the legal and regulatory requirements in the nuclear field, the management systems developed and implemented within the SNN Group companies will be authorized by CNCAN, for the specific areas of activity. If CNCAN authorization is not required, the Management System will comply with the requirements of ISO 9001:2015 "Quality Management Systems. Requirements" and will be certified by an accredited Certification Body, in the field of the activities performed.

The management systems ensure the safe and efficient organization and operation processes, in order to achieve the proposed objectives and the expected performance of each company in the Group, in compliance with legal and regulatory requirements.

The management system gives due priority to nuclear safety over any other requirements, considerations and interests, and ensures implementation of the policies and principles defined in the organization, either in an integrated fashion or on fields of activity, covers all processes and activities that are important for the nuclear safety of the nuclear installations, and advances the nuclear safety culture. At the same time, management systems ensure that the requirements and expectations of customers and stakeholders are met.

The management system is evaluated and monitored in order to ensure its adequacy to changes in the internal and external context and to continuously improve its efficiency and effectiveness.

All activities are carried out in accordance with the approved work processes and procedures and any deviation from the established provisions is promptly reported, recorded, evaluated and measures are taken to resolve it.

The specific requirements in the field of management systems, which are applied in a unitary manner at the SNN Group level, are set out in **Annex SNN-POL-4.0.1 "Specific corporate policy on management systems"**.

5.0 Financial

SNN ensures the preparation of the consolidated financial statements, monitoring the recording and settlement of transactions within the group and provides support to the group companies in order to establish a common approach and proper recording of joint transactions.

Subsidiary financial reporting policies are harmonized with the inclusion of reporting requirements for consolidation at the SNN Group level.

SNN monitors the monthly activity of the subsidiaries in terms of balance sheet items, profit and loss account and cash flows.

The specific requirements in the field of coordination of financial processes that apply in a unitary manner at SNN Group level are set out in **Annex SNN-POL-5.0.1 "Specific corporate policy on the coordination of financial processes"**.

6.0 Trading

SNN is a joint-stock commercial company that derives its revenues primarily from the sale of electricity produced at Cernavoda NPP. The sale of electricity by SNN to buyers is done on a contractual basis, the contracting activities and the actual execution being the responsibility of the Electricity Transactions Directorate (DTEE).

As the operator of nuclear power plants, SNN gives the highest priority to nuclear safety requirements for the protection of the population, the environment and personnel. Nuclear safety takes precedence over production and commercial requirements, and maintaining a high level of nuclear safety at all times during all phases of the construction and operation of nuclear facilities and installations is of vital importance. As an electricity producer, SNN sells electricity in compliance with the provisions of the Energy Law and the Licenses issued to SNN by ANRE.

As a public enterprise, SNN acts in accordance with the principles of corporate governance, set out in the Corporate Governance Regulation of SNN SA.

SNN actively participates in the process of developing the electricity market, analysing, debating and improving the laws and regulations in the field, promoting provisions that meet SNN interests. SNN also participates in the institutionalized forms of collaboration of electricity market participants: Advisory Council of the Wholesale Electricity Market, Working Groups on given topics, organized by OPCOM, BRM, ANRE, AFEER etc.

7.0 Investments

Within the companies of the SNN Group, the unitary application of the general principles of project management is ensured by 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. Investment project management is the process that has as purpose: the strategic integration of project initiatives, prioritization based on the identification of needs and opportunities, achieving the objectives of investment projects, their implementation within the planned deadlines, within the approved budgets and at the quality level according to the legal requirements and provided by the contracts, with strict compliance with nuclear safety requirements.

The SNN Group keeps a common record of the implementation status of investment projects.

The specific requirements regarding the investment activity within the SNN Group are set out in Annex **SNN-POL-7.0.1 "Specific corporate policy on investment activity within the SNN Group"**.

8.0 IT&C and Cybersecurity

IT&C governance and cybersecurity within the SNN group is defined as a collaborative process that is based on both common and specific strategies and objectives, with the aim of reducing risks, ensuring that the resources allocated and consumed of time, manpower and funding deliver the expected benefits. Thus, within the companies of the SNN Group, the unitary application of the general principles for the governance of IT&C processes and cybersecurity is ensured by taking over and, where appropriate, detailing the procedures of SN Nuclearelectrica SA, in its own procedures developed and adapted to the specific activities of the subsidiaries.

The IT&C governance and cybersecurity framework provides a common structure for planning and controls and can be characterized by the following:

- The mission, vision and specific IT&C and cybersecurity objectives are defined in relation to those of the SNN group;
- Effective and clear decision-making and prioritization mechanisms, cyber risk management, resource management and performance evaluation and monitoring;
- Multi-annual strategy for communicating objectives and expectations to IT&C and cybersecurity staff and decision makers;
- Tracking, monitoring and continuous improvement of the IT&C governance process and cybersecurity.

Within all SNN Group companies, the necessary measures are established and implemented to protect the confidentiality, integrity and availability of IT (Information Technology) and OT (Operational Technology) resources, processes and services, as well as to ensure and maintain information security.

The specific requirements for IT&C and Cybersecurity activities, which apply in a unitary manner at SNN Group level, are set out in Annex **SNN-POL-8.0.1 "Specific corporate policy on IT&C and Cybersecurity within the SNN Group"**.

9.0 Physical Protection and Protection of Classified Information

The governance of physical protection and the protection of classified information within the SNN group is defined as a collaborative process that is based on both common and specific strategies and objectives, with the aim of reducing risks, ensuring that the resources allocated and consumed in terms of time, manpower and funding deliver the expected benefits. Thus, within the companies of the SNN Group, the unitary application of the general principles for the governance of physical protection processes and protection of classified information is ensured by taking over and, where appropriate, detailing the procedures of SN Nuclearelectrica SA, in its own procedures developed and adapted to the specific activities of the subsidiaries.

The principles of governance of physical protection and protection of classified information established by the SNN group are represented in: group security framework policy, common procedures, integrated easy maintenance, constant upgrades, efficient procurement of parts and subassemblies, group-wide risk analysis, correlation with human resources policy and IT&C and Cybersecurity policy, continuous specialized training at group level, integrated managerial assessment, environmental commitments, social responsibility and ethical conduct.

Processes for physical protection, classified information and critical infrastructure aim to ensure consistent adherence to international norms and recommendations, national legislation, regulatory requirements, internal policies and standards adopted for the entire group.

The Physical Protection, Classified Information, Critical Infrastructure and Special Issues processes must establish uniform implementation standards in relation to the activities encountered. The central role remains under the responsibility of the process manager within the branch, who is responsible for verifying the process capability and stability, as an essential aspect for quality control and process performance improvement through process monitoring, measurement and control. Process control ensures the stability and predictability of results, including an efficient relationship with regulatory and control authorities (in particular institutions of the Romanian State such as the Romanian Government, CNCAN, MAI, Gendarmerie, Police, MapN, SRI and ORNISS), respectively reduced expenses for eliminating non-compliances.

The specific requirements concerning the activity of Physical Protection and Protection of Classified Information, which apply in a unitary manner at SNN Group level, are contained in Annex **SNN-POL-9.0.1 "Specific corporate policy on physical protection and classified information within the SNN Group"**.

10.0 Internal Managerial Control

Within the companies of the SNN Group, an internal managerial control system is developed in order to ensure the principles of corporate governance, as well as real bases for improving the economic efficiency, implicitly the value of the SNN Group and the investment climate, increasing the level of transparency and trust for the benefit of all stakeholders, shareholders, business partners, employees. The internal control system ensures monitoring and supervision at all essential points, both at the level of each company within the Group and at the level of the Group as a whole.

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.

SN Nuclearelectrica SA (SNN) organizes its own internal managerial control system, adapted to the specifics and size of the company, according to the particularities of the legal framework of organization and operation 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 applicable legal requirements, norms and standards (Internal Managerial Control Standards promoted by the General Secretariat of the Government, CNCAN Standards, international internal control standards, etc.).

On the basis of the information provided by the internal control, the management of each subunit has the possibility to consolidate its decisions concerning the activity plan, the organization and coordination of structures, the exact establishment of responsibilities by structures and persons involved in the company's activities.

SNN centralizes, consolidates and provides statutory reports as well as reports to the management on the internal managerial control system, the process of cascading objectives, periodic monitoring of indicators and associated targets for all companies in the SNN Group.

Subsidiary procedures are harmonized with SNN procedures and include reporting requirements for consolidation at the SNN Group level, using common/current practices, reporting requirements, common planning documents.

The management internal control, through its objectives and procedures, aims to: ensure a good use of resources (financial, human) and their correlation with company objectives; improve information flow; risk management, fraud prevention and document quality.

Internal managerial control provides management with data on its progress or regression in achieving its objectives.

10.1 Financial Management Control and Controlling

The financial management control is organized at the level of SNN S.A. (within SNN Head Office) with responsibilities for exercising control in all subunits (including subsidiaries) - considering the shareholding structure of the companies over which SNN S.A. has significant control in decisions and operations.

Financial management control, within the preventive component, approves the draft of income and expenditure budget project for SN Nuclearelectrica and its subsidiaries, and also carries out monitoring checks on the execution of the IEB.

SNN, through the instrument of 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 unitary 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 specific requirements regarding the internal control system, which are applied in a unitary manner throughout the SNN Group, are set out in Annex **SNN-POL-10.0.1 "Specific corporate policy on the internal control system within the SNN Group"**.

11.0 Human Resources

Within each company of the SNN Group, a strong organizational structure is developed and maintained, with well defined roles and responsibilities at all levels, staff have the necessary competencies, are adequately trained and qualified to perform their tasks and duties.

The strategic directions of human resources management within SNN Group companies include:

- Attracting and retaining qualified staff to enable the achievement of set objectives and performance indicators;
- Streamlining and rendering more efficient the organizational structure;
- Setting tactical directions for action in the field of human resources.

In response to the particularities of the fields of activity of the Group's companies, the training and qualification requirements of the staff, but especially the need to ensure a response capacity according to specific projects and development plans, the investment in employee training and the establishment and application of detailed procedures and methods of recruitment and selection of personnel, uniform at Group level, together with the development of tools for loyalty, reward and recognition of individual values, is imperative.

In this regard, a priority direction of the management teams is to attract young people from the stage of university and high school, as well as access to internship programs. On a generalized trend in the global nuclear industry of migration of highly specialized personnel to new nuclear projects, either due to financial or general motivational factors, the need was identified to develop and implement a human resources strategy that would simultaneously ensure the retention of highly specialized personnel and the identification, recruitment and training of a new generation of specialists. Thus, by strategic planning of human resources, the transfer of knowledge and skills is fluidized, but also eliminates the operational gaps caused by the lack of specialized staff due to the natural withdrawal of human resources reaching retirement age and the migration trend. Also, the strategic coherence in constantly providing the necessary staff helps reduce the costly staff turnover, as the cost of replacing one employee is statistically three times higher than their pay.

SNN Group companies show a permanent concern in optimizing and streamlining the organizational structure, taking into account the following considerations:

- i. Compliance with the applicable legal and regulatory requirements, in particular those specified in the Standards issued by CNCAN;
- ii. Implementation of recommendations resulting from evaluation, audit, inspection and control missions;
- iii. Alignment with relevant international standards and best practices (IAEA standards and recommendations and WANO recommendations);
- iv. Ensuring a strong organizational and nuclear safety culture in all Group companies.

The specific requirements concerning the human resources management activity, which are applied in a unitary manner at the SNN Group level, are set out in **Annex SNN-POL-11.0.1 "Specific corporate policy on the human resources management activity within the SNN Group"**.

12.0 Audit

Internal Audit ensures the internal public audit function for the National Company Nuclearelectrica SA (SNN), including the Head Office, Cernavoda NPP and Pitesti NFP branches (units / entities without separate / individual legal personality).

Internal public 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."*

At SNN group level, the Internal Audit within SN Nuclearelectrica SA ensures the coordination and aggregation of the annual internal audit plans, the provision of human resources, or methodological advice in the execution of audit missions as well as the follow-up and aggregation of results through the preparation of the annual report of the IPA activity.

The specific requirements on internal audit that apply in a unitary manner at the SNN Group level are set out in Annex **SNN-POL-12.0.1 "Specific corporate policy on internal audit activities within the SNN Group"**.

13.0 Risk Management

S.N. Nuclearelectrica S.A. ensures in a centralized manner, at SNN Group level, the maintenance and constant improvement of the risk management framework so that it remains adequate and adapted to changes in the internal and external environment of the organization. Efficient risk management is essential for Group companies.

In this respect the following are ensured:

- Implementation within the SNN Group companies of standardized procedures, policies, instructions, aligned with the risk management methodology of SN Nuclearelectrica SA, adapted

- to the specific field of activity;
- Standardized assessment across the SNN Group, using a common metric to assess likelihood of occurrence and potential impact;
- Regular monitoring and reporting on the risk situation, as required by the Group.

The specific requirements on risk management activity, which are applied in a uniform manner throughout the SNN Group, are set out in Annex **SNN-POL-13.0.1 "Specific corporate policy on the risk management activity within the SNN Group"**.

14.0 Occupational Health and Safety (OHS)

The SNN Group companies undertake to take all measures to ensure adequate working conditions, to carry out activities and prevent occupational diseases, by identifying hazards, permanent control of risks and their minimization and control of the health of employees in order to maintain the ability to work and continuously improve the performance of occupational health and safety.

The implementation and maintenance of a unified Occupational Health and Safety coordination system, carried out at group level, aims to achieve the process performance objectives derived from the strategic objectives, the use of a uniform standard of reporting and promotion of excellence in order to ensure the safety of staff, facilities and other stakeholders with regard to occupational health and safety risks, respect for human rights and sustainability requirements.

Thus, the general standards are formulated in compliance with the responsibilities, authorities and duties established by the applicable legal requirements as well as those defined in the statutory documents applicable to each company of the SNN Group, whose main directions are:

- I. Uniformization of policies in the field of prevention and protection, use of standards in a unitary way, applying common principles oriented towards the achievement of the strategic objectives assumed by SNN at the level of performance in the area of excellence of the nuclear energy industry;
- II. Implementing coordinated monitoring and oversight actions in the prevention and protection functional area to ensure that standards are met and performance is maintained at the expected level;
- III. Implementation of mechanisms to support the corresponding prevention and protection processes in the entities composing the SNN group through additional resources and specialized skills, technical or other advice or guidance necessary to achieve safe and reliable operations and achieve the expected performance;
- IV. Implementing and supporting the coordinated way of setting objectives, performance indicators and targets within the prevention and protection process organized in each company of the SNN group, so that they are correlated and support the strategic objectives and performance targets set at group level.
- V. Adoption in a coordinated manner of the general principles of prevention in terms of safety and health provided for by the legal and regulatory requirements applicable to the architectural, technical and organizational solutions for the major development projects of SNN.

The specific requirements on occupational health and safety, which apply uniformly throughout the SNN Group, are set out in Annex **SNN-POL-15.0.1 "Specific corporate policy on occupational health and safety within the SNN Group"**.

15.0 Legal

The Legal Functional Area ensures the lawfulness of the activity carried out by the Company, protecting its patrimonial and non-patrimonial interests.

Within this functional area, the following activities are coordinated at SNN Head Office level:

- representing the SNN's interests before the courts, criminal investigation bodies and public prosecutors' offices attached to the courts, on the basis and within the limits of the given mandate, drawing up the necessary procedural documents;
- ensuring the lawfulness of the corporate actions and activities of SNN and its Subsidiaries, such as drafting documents and registering corporate documents with the competent authorities.
- the approval of documents related to procurement procedures in terms of their legality;
- ensuring the representation of SNN's interests before contractual partners, regulatory authorities and other authorities and third parties, on the basis and within the limits of the mandates granted;
- providing consultancy and support in drafting agreements/conventions and/or other types of legal acts related to the commercial activity and current activity of the Company (Confidentiality Agreements, Memoranda, Decisions, etc.).

The specific requirements concerning legal activity, which apply uniformly throughout the SNN Group, are set out in **Annex SNN-POL-14.0.1 "Specific corporate policy on the legal activity within the SNN Group"**.

16.0 Procurement

The purpose of the policy regarding the coordination of procurement processes within the SNN group is to achieve a flexible supply chain adaptable to the needs of the Power Plant and the group's business, but also to implement the uniform application of current practices and policies used within SNN, so as to allow the adaptation of the performance indicators of all entities to the way in which they influence the Power Plant's supply chain, to make compatible the data used in the supply chain management applications in order to coordinate operationally and efficiently the procurement processes related to all entities of the SNN group. The policy sets out the standards and accountability for meeting the commitment to excellence within the supply chain definition.

The specific requirements regarding the coordination of procurement processes, which apply uniformly throughout the SNN Group, are set out in **Annex SNN-POL-16.0.1 "Specific corporate policy on the coordination of procurement processes within the SNN Group"**.

17.0 Communication

SNN Group companies develop strategies, policies, processes, procedures that will address both external and internal communication requirements.

Two-way communication between the companies of the SNN Group is and must be understood as a support function necessary for the good functioning of the group and a strategic component of corporate governance. In a fundamental way, relationships develop through communication, and the proper functioning and perception of organizations is based on effective relationships between individuals and groups. Communication helps individuals and groups coordinate their activities to achieve goals and is vital in decision-making, problem solving and change processes.

The horizontal and vertical integration of internal communication is an imperative both from the point of view of streamlining processes and activities through the timely use of important information, the adoption of solutions and the involvement of all the necessary factors to solve a situation, but also from the point of view of compliance with corporate governance standards and reporting requirements and overcoming possible risk or crisis situations.

Through internal communication, employees receive important information about the organizational culture (company's mission, vision and values, nuclear safety culture, continuous improvement culture etc.), strategic projects, organizational structure and its changes and about important activities within the company, important events and achievements. Also, through internal communication, employees receive information about their role, their position and management's expectations from them, about other colleagues (diverse teams, employee profiles) and about the industry and external environment in which the company operates. Internal communication can help to motivate employees, build trust, create a common culture and identity or increase personal involvement and accountability. Internal communication is the way individuals and groups understand their organization, what it is and what it stands for and is intrinsically linked to the idea of belonging to the team and the company.

External communication processes ensure:

- Increasing the level of confidence and acceptance of different segments (public, shareholders, investors, authorities and other stakeholders) in the nuclear industry, in the professionalism, safety and security of its operation and in the benefits of the strategic investments and projects that are being carried out in the nuclear field;
- Enhancing the reputation and improving the image of each SNN Group company and the Group as a whole;
- Increasing the degree of support for different internal and external organizations;
- Openness and transparency in relations with the public and the media.

The specific communication requirements, which apply uniformly throughout the SNN Group, are set out in **Annex SNN-POL-17.0.1: "Specific corporate policy on communication within the SNN Group"**.

17.1 ESG (Environment, Social, Governance)

A clean, stable, efficient and affordable source of energy has a significant impact in reducing Romania's carbon footprint and achieving its decarbonization targets. Thus, the management of SN Nuclearelectrica SA has a holistic approach regarding the inclusion of ESG (ENVIRONMENT/SOCIAL/GOVERNANCE) criteria in the company's strategy and development plans, which are included in the ESG Policy of Nuclearelectrica.

SNN respects the ESG principles and sustainability objectives of the United Nations, as Nuclearelectrica is affiliated to the United Nations Global Compact starting 2021.

We also strive for transparency in reporting through the annual publication of the Sustainability Report, and we want our business partners to do likewise to add value to the supply chain, using relevant ESG reporting indicators.

18.0 Anti-Corruption, Ethics and Integrity

Ethics is a prerequisite for the sustainable development of the SNN Group. Thus, the development of a culture of ethics at group level, the internalization of ethical standards and values of the organization, as well as ensuring an adequate system of internal control, are priority areas for the companies within the SNN Group, which are committed to developing business practices with the highest degree of integrity and compliance.

The principles of diversity, non-discrimination, objectivity and transparency, integrity, adoption of appropriate business practices, anti-fraud, protection of information and personal data, avoidance of conflicts of interest, implementation of the measures of the national anti-corruption strategy are applied.

In this regard, within the subsidiaries, own policies on ethics, integrity and anti-corruption are developed and implemented in line with the following documents issued at SNN level: Compliance Guide; Code of Ethics and Business Conduct; Code of Ethics of the Board of Directors; Anti-Corruption Policy of SNN S.A. code AC-00-01 and Anti-Corruption Policy of SNN S.A. code AC-00-01.

The specific requirements on anti-corruption, ethics and integrity that apply in a uniform manner throughout the SNN Group are set out in **Annex SNN-POL-18.0.1 "Specific corporate policy on anti-corruption, ethics and integrity within the SNN Group"**.

The Ethics and Compliance Program is also adopted within SNN, which highlights the commitment of SNN S.A.'s management to implement corporate policies that lead to the highest standards of governance, ethics and compliance, in particular with regard to:

- Anti-bribery commitment - prohibition of bribery and corruption in all its forms, in all business transactions and relationships, wherever the company operates;
- prohibiting the use of SNN S.A. funds or other assets for illegal or inappropriate purposes;
- promoting equal opportunities and equal treatment between women and men in the field of work, to specifically recognize the right of every citizen to a working environment free from violence and harassment, to encourage and maintain a work culture based on mutual respect and dignity.

The principles underlying the Ethics and Compliance Program and the Code of Ethics and Business Conduct are summarized in the Business Partner Integrity Guide, which is made available to business partners, in order to promote the fundamental values that they must unconditionally apply in the performance of contracts with SNN.

5. Specific corporate policies - Annexes

- ▲ ANNEX A: Decision-making structure in the SNN Group
- ▲ ANNEX B: Functional Areas in the SNN Group
- ▲ SNN-POL-1.0.1 Nuclear Safety
- ▲ SNN-POL-2.0.1 Environmental Protection and Radiological Safety
- ▲ SNN-POL-3.0.1 Production Coordination and Technical Support
- ▲ SNN-POL-4.0.1 Management Systems
- ▲ SNN-POL-5.0.1 Financial
- ▲ SNN-POL-7.0.1 Investments
- ▲ SNN-POL-8.0.1 IT&C and Cybersecurity
- ▲ SNN-POL-9.0.1 Physical Protection and Protection of Classified Information
- ▲ SNN-POL-10.0.1 Internal Control
- ▲ SNN-POL-11.0.1 Human Resources
- ▲ SNN-POL-12.0.1 Audit
- ▲ SNN-POL-13.0.1 Risk Management
- ▲ SNN-POL-14.0.1 Occupational Health and Safety
- ▲ SNN-POL-15.0.1 Legal
- ▲ SNN-POL-16.0.1 Procurement
- ▲ SNN-POL-17.0.1 Communication
- ▲ SNN-POL-18.0.1 Anti-Corruption, Ethics and Integrity



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