

**INCORPORATION ACT
OF KOZLODUY NPP EAD
SOLE-OWNER JOINT STOCK COMPANY
KOZLODUY NPP EAD**

**SECTION ONE
GENERAL PROVISIONS**

COMPANY STATUS

Art. 1. (1) **KOZLODUY NPP EAD**, hereinafter referred to as ‘the COMPANY’ for the sake of brevity, is a sole-owner joint stock company, operating in accordance with the provisions of the Commerce Act, the Public Enterprises Act, the Public Enterprises Act Implementing Regulations, and other normative acts of the Republic of Bulgaria.

(2) The COMPANY has the status of an independent legal entity under the Bulgarian Law, separate from its shareholders.

(3) The COMPANY is liable for its obligations to its creditors with all its assets. The liability of the shareholders is limited to the amount of contributions made against the subscribed shares.

APPLICABLE LAW

Art. 2. The provisions of the Bulgarian law shall apply to the issues not settled by the present Incorporation Act concerning the activity of the COMPANY.

SHAREHOLDERS

Art. 3. Local and foreign natural and legal entities may become shareholders in the COMPANY under the conditions provided in the Incorporation Act, and in conformity with the requirements of the mandatory provisions of the Bulgarian laws.

**SECTION TWO
BUSINESS NAME AND HEAD OFFICE**

BUSINESS NAME OF THE COMPANY

Art. 4. The business name of the COMPANY is: „**АЕЦ КОЗЛОДУЙ**” ЕАД, which additionally may be written in English as: **KOZLODUY NPP EAD**.

HEAD OFFICE AND REGISTERED OFFICE

Art. 5. The head office of the COMPANY is in the Republic of Bulgaria, the town of Kozloduy, and its registered office is: Kozloduy Municipality, the town of Kozloduy.

SECTION THREE
SCOPE OF BUSINESS ACTIVITY DURATION

SCOPE OF BUSINESS ACTIVITY

Art. 6. (1) The scope of business activity of the COMPANY covers the following:

1. Use of nuclear energy for generation of electricity and heating energy. This activity is performed upon the availability and maintaining of:
 - a valid licence for generating electrical and heating energy using the electricity generating facility specified in the licence;
 - valid licences to operate nuclear facilities, within the meaning of the Safe Use of Nuclear Energy Act, issued by the Bulgarian Nuclear Regulatory Agency, (a valid permit for carrying out production activity issued by the Inspectorate for Safe Use of Nuclear Energy for Peaceful Purposes using the production facility specified in the permit).
2. Import and export of unirradiated and spent nuclear fuel;
3. Investment activity related to the main business of the COMPANY as defined under its scope of business activity;
4. Construction, installation, and maintenance activities related to the electricity and heating energy generation;
5. Sales of high and medium voltage electricity and heating energy;
6. Operation of a radioactive waste management facility, holding a valid licence pursuant to the Safe Use of Nuclear Energy Act.

(2) Kozloduy NPP EAD is a nuclear installation operator within the meaning of the Vienna Convention on Civil Liability for Nuclear Damage. The installation comprises nuclear power reactors and other facilities located on the Kozloduy NPP site.

(3) Kozloduy NPP EAD exercises the powers of a nuclear facilities operator in terms of their operation and safety within the meaning of the Safe Use of Nuclear Energy Act.

DURATION

Art. 7. The business activity of the COMPANY is not limited by a term or any other termination condition.

SECTION FOUR
COMPANY ASSETS AND CAPITAL

COMPANY ASSETS

Art. 8. The assets of the COMPANY comprise all its rights and obligations. The COMPANY may acquire any rights and undertake any obligations following the procedure described in this Incorporation Act.

FUNDS

Art. 9. (1) The COMPANY is obliged to create a Reserve fund in the minimum amount provided for by the Commerce Act, unless a mandatory norm of this Act requires, or the sole owner of the capital specifies a larger amount, which shall be spent in the manner prescribed by the same Act.

(2) The COMPANY may create other funds upon the decision of the sole owner of the capital or of the Board of Directors.

(3) The fund amount, manner of replenishing and expending of the fund resources are specified in the decision for creating the fund.

CAPITAL AND SHARES

Art. 10. 1) The COMPANY's capital amounts to BGN 1,744,584,890 (one billion seven hundred forty-four million five hundred eighty-four thousand eight hundred ninety levs) and has been fully subscribed and paid.

(2) The COMPANY's capital is allocated into 174 458 489 (one million seventy-four four hundred fifty-eight thousand four hundred eighty-nine) ordinary registered voting shares with a face value of BGN 10 (ten) each. Registered shares may not be replaced with shares of the bearer.

(3) Each share gives the right to vote, right to a dividend and to a liquidation share of the COMPANY assets.

(4) The shares may be issued in denominations of 1, 5, 10 and multiples of 10 shares. Replacement with other denominations shall be carried out under a procedure specified by the Board of Directors.

(5) Each share shall contain:

1. the designation "share";
2. the type of share and the rights it materialises;
3. the number of the denomination and the serial numbers of the shares included therein;
4. The business name and the head office of the COMPANY;
5. amount of the capital;
6. the designation "fully paid";
7. the total number of shares, their individual face value and denomination structure of the respective emission;
8. the coupons and their maturity;
9. the signatures of the two Chief Executive Officers, or the signatures of the CEO (if it is only one person) and the Chair of the Board of Directors;
10. the serial number and date of the emission.

The name (business name) of the first holder shall be entered on the face of a registered share. A printed signature on the share shall also be considered valid signature.

(6) By decision of the sole owner of the capital and according to the provisions of the law, the COMPANY may issue preference shares, non-voting shares, shares entitled to additional or guaranteed dividend and/or liquidation share, as well as other types of shares. Not more than one half of the shares may be non-voting.

(7) The shares with equal rights shall form a separate class. No restriction of the rights of individual shareholders of the same class shall be allowed.

(8) The COMPANY may also issue bonds upon decision of the sole owner of capital. Bonds may be physical and dematerialised.

(9) The COMPANY may also issue dematerialised shares upon the decision of the sole owner of the capital and in compliance with the current legislation.

PRINT OF SHARES AND ADDITIONAL ISSUE

Art. 11 (1) Shares shall be printed upon a decision of the Board of Directors.

(2) One per cent (1%) additional issue shall be foreseen for printing of shares, and its numbering shall continue the numbering of the main issue.

(3) The shares of the additional issue shall serve the purposes of issuing a copy in the cases provided for in Article 13 of this Incorporation Act.

(4) The shares of the additional issue shall be described in a special register and the CEO shall be responsible for their storage.

INTERIM CERTIFICATES

Art. 12. (1) Until the printing of shares, for the property contributions made against subscribed shares, the sole owner of the capital shall receive interim certificate signed by the persons under Art. 10, para. 5, i. 9 of this Incorporation Act.

(2) The interim certificate shall contain the name of the shareholder, the number, type and face value of the subscribed shares, and the amount of the contributions made.

(3) The interim certificate is a security drawn to order which shall be transferred according to the procedure for transfer of printed shares, observing the special provisions of the law.

(4) The transfer of an interim certificate shall have the effect and be equivalent to the transfer of the shares it certifies.

(5) Upon handing over the printed shares to the shareholder, the interim certificates for these shares shall be invalidated the Board of Directors.

COPIES OF SECURITIES

Art. 13. (1) Copies of lost, stolen, or destroyed securities of the COMPANY shall be issued after the execution of procedures under the Code of Civil Procedure according to rules approved by the Board of Directors.

(2) Damaged shares shall be replaced if they can be identified.

(3) Copies by which the relevant shares have been replaced shall be entered in the Shareholders' register.

CO-OWNERSHIP OF SHARES

Art. 14. When shares or undivided block of shares are held by several persons, they shall appoint a person to represent them until division has been affected and registered in the Shareholders' register. If such person is not assigned by the shareholders, the COMPANY may, at its own discretion, either send the required notifications to one of them, on its choice, or not send any notifications. The co-owners of the shares shall be jointly liable for the obligations related to these notifications.

CHANGE IN CAPITAL

Art. 15. (1) Changes in the capital of the COMPANY shall be carried out by the decision of the sole owner of the capital either through issuing of new shares or through increase of the face value of shares already issued.

(2) In its decision, the sole owner of the capital shall specify the manner and conditions for the increase of the capital.

(3) The reduction of the capital and the procedure for making payments connected with such reduction shall be implemented upon a decision of the sole owner of the capital.

(4) The sole owner of the capital may take a decision to simultaneously reduce and increase the COMPANY's capital.

DEPOSITING THE VALUE OF THE SUBSCRIBED SHARES

Art. 16. The COMPANY'S shares are fully subscribed and their face value is deposited in full.

SHAREHOLDERS' REGISTER

Art. 17. (1) The COMPANY shall keep a Shareholders' register in which the following shall be entered: name/business name, representative (for legal entities), communication address, face value and issue price of shares, time of acquisition and payment contributions, number and data of the shares of each registered shareholder.

(2) Changes in the address, the ownership of shares and other circumstances entered in the Shareholders' register may not be opposed to the COMPANY prior the change itself is entered in the Shareholders' register.

SECTION FIVE MANAGEMENT BODIES OF THE COMPANY

BODIES

Art. 18. (1) The COMPANY shall be managed through a one-tier management system.

(2) The management bodies of the COMPANY are:

- the sole owner of the capital;
- the Board of Directors.

SOLE OWNER OF THE CAPITAL

Art. 19. (1) The sole owner of the capital of the COMPANY is the Bulgarian Energy Holding EAD, UIC 831373560, hereinafter referred to as "the Holding".

(2) The rights of the Holding as the sole owner of the capital in the COMPANY shall be exercised by the individual(s) who represent the Holding in its capacity of principal. The principal is also the body authorised to make all decisions provided within the competence of the sole owner of the capital, in accordance with the law or this Incorporation Act.

COMPETENCE OF THE SOLE OWNER OF THE CAPITAL

Art. 20. (1) The sole owner of the capital has all rights of a shareholder of the COMPANY according to the law and this Incorporation Act. The sole owner of the capital shall resolve all issues for within the competence of the shareholders' general assembly under the law. In the cases provided by the law, the sole owner shall apply for and obtain from the Energy and Water Regulatory Commission, or other competent regulatory body, the necessary permits or consents, as need be, in order to exercise its competences.

(2) The sole owner of capital shall:

1. Modify and amend the Incorporation Act of the COMPANY;
2. Increase and reduce the COMPANY's capital;
3. Reorganise and terminate the COMPANY;
4. Elect and dismiss the members of the Board of Directors and determine their remuneration, send members of the Board of Directors on assignments abroad;
5. Approve the business programme of the COMPANY;
6. Appoint and dismiss independent registered auditor;
7. Approve the annual financial statement, certified by the appointed independent registered auditor;
8. Decide on the issue of bonds;
9. Appoint liquidators upon termination of the COMPANY (except in cases of insolvency), participate in the election of a special administrator if the circumstances are present for the Energy and Water Regulatory Commission to appoint a special representative under the Energy Act, and conclude contracts with these liquidators;
10. Release the members of the Board of Directors from responsibility;
11. Make decisions to open, transfer or close branches of the COMPANY;
12. Give permits for: disposal transactions with long-term assets and for establishment of property rights over real estate whose value exceeds the lower value of BGN 500,000 or 5 per cent of the carrying amount of the long-term assets as at 31 December of the preceding year; contracts for the usage or rental of real estate or assets whose carrying amount exceeds 5% of the carrying amount of the long-term assets as at 31 December of the preceding year or transactions which (regardless of the assets value) require authorisation by the Energy and Water Regulatory Commission; receiving loans or credits, granting loans, providing guarantees (except for guarantees provided under the provisions of the Public Procurement Act), taking on obligations for aval and providing targeted financing, furnishing securities to third parties in the cases when the value of each of the above stated exceeds the lower value of BGN 500,000 or 5 per cent of the total carrying amount of the long-term assets as at 31 December of the preceding year; acquisition of shares in other companies, as well as the disposal of shares owned by the COMPANY in other companies; conclusion of contracts for joint activity (so called 'joint venture'); undertaking liabilities under bills of exchange; securing obligations of the COMPANY through establishing a mortgage or pledge on long-term assets of the COMPANY; conclusion of a judicial or extra-judicial agreement which recognises obligations of the COMPANY, or remits a debt of the COMPANY, or remits receivables of the COMPANY with regard to third parties; material change in the COMPANY's activity; significant organisational changes, long-term cooperation that is essential for the COMPANY, as well as the termination of such cooperation;
13. Approve the choice of an insurer when signing contracts for mandatory insurance;
14. Agree the decision of the Board of Directors on initiating public procurement procedures with a value exceeding BGN 500,000 (five hundred thousand), VAT excluded;
15. Give permit for signing contracts for sale, exchange and lease of long-term assets, as well as establishment of real rights, to be carried out through direct negotiation, the initial price being determined by an independent appraiser;
16. Authorise the sale and exchange of homes, studios, offices and garages to workers and employees in the COMPANY;
17. Agree the acquisition of assets or the conclusion of contracts and amendments thereon, with a single or total value exceeding BGN 500,000 (five hundred thousand), VAT excluded,

excluding contracts for electricity sale at freely negotiated prices, and contracts signed at regulated prices in implementation of a legal and/or licence obligation, as well as the amendments thereon;

18. Adopt and submit to the Board of Directors the Corporate Governance Policy, Financial and Accounting Policy, Information Technology Policy, Human Resource Management Policy, Investment and Project Management Policy, Public Procurement Policy (including Policies for conducting of tenders, competitions and direct negotiating for the procurement of goods and execution of works and services), Policy for conducting of tenders, competitions and direct negotiations for the conclusion of contracts for sale, exchange and lease of long-term assets, Risk Management and Internal Audit Policy, and other policies that are mandatory for the COMPANY (the 'Policies');
19. Make decisions on the distribution of the COMPANY's profit and its payment, on replenishing of the Reserve Fund, and on payment of dividend and payment of tantièmes to the members of the Board of Directors, and determine their amount;
20. Give consent for election of a procurator of the COMPANY and approve in advance the conditions of the procuration;
21. Give prior consent to the decisions on the preceding items (except for secondment under item 4), which the COMPANY makes in respect of its subsidiaries and project companies (if any and as appropriate according to the type of company) and the conclusion of any contracts between the COMPANY and its subsidiaries and project companies, if any;
22. Decide on other issues within its competence as provided by the law and this Incorporation Act.

DECISION MAKING BY THE SOLE OWNER OF CAPITAL

Art. 21. (1) The sole owner of the capital shall make decisions within the competence of the regular annual general meeting once a year, and decisions within the competence of an extraordinary general meeting - as need may be. No invitation shall be communicated in the Commercial Register and the Non-Profit Legal Entities Register by the sole owner of the capital for exercising the competences of the general meeting. The sole owner of the capital may at any time take decisions in writing within the competence of the general assembly.

(2) The Board of Directors shall fulfil its obligations under Article 223, and Article 251 of the Commerce Act respectively, by sending a written application to the sole owner of the capital concerning the need, accordingly the preparedness for decision-making by the sole owner of the capital. The written application shall contain proposals regarding the issues on which the Board of Directors suggests that the sole owner of the capital make decisions. The proposals shall neither bind the sole owner of the capital to consider and resolve the issues raised, nor limit the sole owner with respect to the range of issues whereof the sole owner can make decisions.

(3) The sole owner of the capital shall draw up a report on the decisions in writing, which shall be signed by the principal of the COMPANY.

(4) If the sole owner of the capital requires attendance of the decision-making meeting by Board of Directors members, the latter shall be obliged to attend. The sole owner of the capital may require that the attending members of the Board of Directors or other persons invited by the sole owner re-sign the minutes of the decisions the sole owner has made.

(5) The application for registering the decisions of the sole owner of the capital, where such decisions are subject to registration, shall be assigned to the Chief Executive Officer, who in such case shall be entitled to authorise another person to do this.

VOTING RIGHT

Art. 22. (1) The voting right shall arise with the entry of the COMPANY in the Commercial Register and the Non-Profit Legal Entities Register.

(2) The votes of an individual shareholder are indivisible, regardless of the number of shares he/she holds, including the case of voting authorisation.

BOARD OF DIRECTORS

Art. 23. (1) The Board of Directors shall be accountable to the sole owner of the capital for the management of the COMPANY including for strict adherence to the Policies. It shall meet as necessary, but not less than once in three months.

(2) The Board of Directors shall consist at least five members– natural persons who shall be elected and appointed after a competition, under the terms and procedure set out in the Regulations for Implementation of the Public Enterprises Act.

(3) The Board of Directors shall elect one or two of its members as executive members and the rest shall be non-executive members. The term of office of the Board of Directors shall be 3 to 5 years as of the entry of the Board of Directors in the Commercial Register and the Non-Profit Legal Entities Register, where the Board of Directors' members shall continue to exercise their duties after the expiration of their term until the entry of a new Board of Directors.

4) A member of the COMPANY's Board of Directors may be a Bulgarian citizen or a citizen of the European Union, of a state that is party to the European Economic Area Agreement, or of the Swiss Confederation, who:

1. holds a higher education degree;
2. has at least 5 years of professional experience;
3. is not under interdiction;
4. has not been convicted as for a general crime;
5. is not deprived of the right to take the respective position;
6. is not declared bankrupt as a sole trader or general partner in a commercial company declared bankrupt in case there were unsatisfied creditors;
7. has not been a member of a managing or controlling body of a company, cooperative society, respectively, terminated due to bankruptcy over the past two years prior to the appointment, in case there were unsatisfied creditors;
8. is not a spouse or a person in a de facto cohabitation, a relative by direct line, by collateral line– up to the fourth degree inclusive, and connected by marriage - up to the second degree inclusive, of a manager or a member of a collective managing and controlling body of the same public enterprise;
9. does not take a senior public office under Art. 6, para. 1, i. 1-38 and 41-45 of the Counter-Corruption and Unlawfully Acquired Assets Forfeiture Act, is not a member of a political cabinet, nor secretary of a municipality;
10. does not perform commercial transactions on his/her own behalf or on behalf of any third party, similar to the COMPANY's activity;
11. is not a partner in a general partnership, limited partnership and limited liability companies that performs an activity, similar to the COMPANY's activity;
12. is not a manager or member of an executive or controlling body of another public enterprise;
13. Complies with other requirements provided by law.

- (5) Persons working under employment contract or employment relationship may not be executive members of the boards of directors.
- (6) The COMPANY may have procurators, and the persons eligible for this position shall meet the requirements stated in para. 4.

FUNCTIONS OF THE BOARD OF DIRECTORS

Art. 24. (1) The Board of Directors shall carry out the operative management of the COMPANY and control the activity of the Chief Executive Officer (Chief Executive Officers), including the compliance with the Policies. It shall fulfil all the functions and solve all the matters that are not of the exclusive competence of the sole owner of the capital, pursuant to the law or to this Incorporation Act. The Board of Directors shall adopt Rules of Procedure for its work, which shall be approved by the sole owner of the capital.

(2) The Board of Directors may set up special committees from among its members, such as remuneration or risk management committees. The committees shall prepare decisions to be adopted by the Board of Directors. The decision-making authority shall not be delegated to committees. The committees shall be chaired by an independent Board member.

(3) The Board of Directors shall prepare annual self-assessments for its activity and efficiency which shall be submitted to the body exercising the state's rights and to the Public Enterprises and Control Agency.

COMPETENCE OF THE BOARD OF DIRECTORS

Art. 25. (1) The Board of Directors shall exercise all its competence of Board of Directors as provided by law and this Incorporation Act.

(2) The Board of Directors shall:

1. organise, lead and control the whole activity of the COMPANY;
 2. prepare a business programme of the COMPANY for the entire term of office and for each separate year, submit this programme to the sole owner of the capital for approval, and ensure its implementation;
 3. implement the investment policy of the COMPANY and decide on the acquisition of ownership and other rights on real estate which are not of the exclusive competence of the sole owner of the capital;
 4. be responsible for the implementation of the Policies and work out procedures for their implementation by the COMPANY and its subsidiaries (if any); bear responsibility for the fulfilment of the licensing conditions by the COMPANY and its subsidiaries (if any) and maintaining the licences, for the implementation of the production and business programmes of the COMPANY; monitor and be responsible for the good economic standing of the COMPANY;
 5. elect one or two of its members as Chief Executive Officers and empower them to manage and represent the COMPANY before third parties. Should two Chief Executive Officers be elected, they shall represent the COMPANY jointly.
 6. Take unanimous decisions for all transactions provided for in Art. 236, para. 2 of the Commerce Act;
 7. upon request of the principal, seek for and obtain from the Energy and Water Regulatory Commission or other competent authority the required permits or agreement, make motions to the principal for solving issues which are of the competency of the sole owner of the capital and resolve all other issues stipulated in this Incorporation Act to be resolved by the Board of Directors.
- (3) After a preliminary written approval by the principal, the Board of Directors may, at any time, change the Chief Executive Officer and replace him/her with another member of the Board of Directors.

STRUCTURE OF THE BOARD OF DIRECTORS

Art. 26. (1) The Board of Directors composition shall also include the independent members who shall be at least one third, but not more than one second of the Board. The Board of Directors shall elect among its members a Chair as well as one or two executive members (Chief Executive Officers). An executive member may not be the Chair of the Board of Directors at the same time. The Chair of the Board of Directors shall be an independent member.

(2) Independent members shall meet the requirements of Art. 20 of the Public Enterprises Act and Art. 23, para. 4 of the COMPANY's Incorporation Act. An independent member may not be:

1. an employee of the public enterprise;
2. a shareholder/partner in the same public enterprise;
3. a person who personally or through related parties has commercial relations with the public enterprise;
4. a sole trader, a shareholder or a partner in a company with identical or similar scope of business as the public enterprise;
5. a party related to another member of a managing or controlling body of the public enterprise;

(3) The representatives of the state in the COMPANY's Board of Directors are not independent members.

(4) The Chair of the Board of Directors shall manage and organise the work of the Board. If the Chair is not able to fulfil his/her obligations and without authorisation given by him/her, these shall be taken by the Chief Executive Officer. Each member of the Board of Directors may require from the Chair call of the session of the Board.

SESSIONS OF THE BOARD OF DIRECTORS

Art. 27. (1) The Board of Directors shall hold its meetings at the COMPANY's head office, unless otherwise decided by the Board of Directors. In the latter case, the costs for the secondment of the members shall be borne by the COMPANY in accordance with Art. 29, para. 6. A meeting may be held also remotely upon a proposal of the Chair of the Board of Directors. The invitation to the members for the regular meetings shall be forwarded by the Chair of the Board of Directors at least 5 (five) days before the date of the meeting, unless it has been scheduled at a previous meeting and all the members have been notified. Each member of the Board of Directors is entitled to declare in writing his/her remote participation in the meeting at least 1 (one) day before the date of the meeting.

(2) The meeting's venue, date, time, and agenda shall be specified by the Chair of the Board of Directors, or a member of the Board of Directors authorised by him/her, respectively.

(3) At the sessions of the Board of Directors, minutes shall be recorded into a special book, containing the agenda of the session and the decisions taken. The minutes of the meetings shall be signed by all the attending members of the Board of Directors. In case of authorisation, the powers of attorney granted by one member of the Board of Directors to another member shall be attached to the minutes.

(4) The minutes of in person and virtual meetings of the Board of Directors shall be submitted to the sole owner of the capital within a 15 (fifteen) day period following the respective session.

(5) For any issues regarding the sessions of the Board of Directors not settled down herewith the provisions of the Commerce Act shall apply.

DECISIONS OF THE BOARD OF DIRECTORS

Art. 28. (1) The Board of Directors may make valid decisions when at least half of its members are attending or are represented. A member of the Board of Directors may be represented at a session only by another member of the Board. None of the attending members may represent more than one absent member. Authorisation shall be in writing (including sent by fax). It shall be granted for each separate session and attached to the documents from the meeting. When it does not contain voting instructions, the representative shall cast two equal votes reflecting the manner in which he/she votes on the respective issue. The procurators, if any, shall attend the sessions of the Board of Directors with an advisory capacity.

(2) The Board of Directors shall adopt decisions by simple majority of all members, unless the law or this Incorporation Act require a decision by qualified majority or unanimous decision.

(3) The Board of Directors may also take decisions "in absentia" when all the members have stated in writing their approval of the decisions. The approval may also be validly given by means of identified telefax message or other electronic message, signed before sending it or in another manner as agreed among the Board members.

CONTRACTS WITH THE MEMBERS OF THE BOARD OF DIRECTORS
REMUNERATIONS AND EXPENSES

Art. 29. Each member of the Board of Directors shall conclude a management and control contract with the sole owner of the capital. The contract shall be valid until the end of the term of office of the Board of Directors and shall specify the rights and obligations of the parties, remuneration amount and method of payment, liability of the parties in the event of non-performance, grounds for termination of the contract, amount of the money guarantee paid by the members for their management, and amount of the penalty in the event of an early termination of the contract not through the fault of the member of the Board of Directors, as well as the relationships between the parties in the period of the contract termination until the name of the dismissed member of a managing and controlling body is deleted in the Commercial Register and the Non-Profit Legal Entities Register.

(2) Management contract with a member of the Board of Directors may be terminated prior to its expiry date:

1. by mutual consent between the parties;
2. upon request of the person with prior notice of at least 3 (three) months;
3. upon the request of the COMPANY's principal with a prior notice of at least 1 (one) month;
4. in case of transformation or termination of the COMPANY;
5. in case of death;
6. in case of interdiction of the natural person, accordingly in case of declaring the legal entity insolvent or upon its termination;
7. due to factual incapacity of the person to fulfil his/her obligations lasting over 6 (six) months;
8. other cases provided by law.

(3) The sole owner of the capital may terminate the contract early and without prior notification, on account of a member of the Board of Directors' fault:

1. upon the occurrence of a circumstance causing incompatibility pursuant to Art. 23, para. 4 and Art. 26, para. 2 of the Incorporation Act;
 2. in case of conviction with sentence that has entered into force for perpetration of a general intent crime;
 3. upon entry into force of an act establishing a conflict of interest under the Counter-Corruption and Unlawfully Acquired Assets Forfeiture Act;
 4. in case of serious or systematic non-performance of official duties;
 5. in case of violation of the law, the Incorporation Act, the Board of Directors' Rules of Procedure, or Policies performed during or on the occasion of implementing of a Board member's obligations;
 6. in case the person carries out activities resulting in deterioration of the COMPANY's financial results or whereof damages for the COMPANY have been inflicted;
 7. in case of a substantial non-fulfilment of the economic or financial indicators specified in the approved business programme.
- 7.1 substantial non-fulfilment is considered to be a significant deterioration of economic indicators set in the business programme in accordance with the COMPANY's development strategy and internal rules, and non-fulfilment resulting from action or inaction of the Trustee, unless the non-fulfilment is entirely due to external factors beyond the reasonable control of the Trustee.
- 7.2 assessment of the accomplishment or non-accomplishment of the key indicators shall be made on the grounds of the COMPANY's annual financial statement, after it has been

certified by the COMPANY's registered auditor and approved by the sole owner of the capital.

(4) The members of the Board of Directors shall receive remuneration in an amount and manner of payment determined by the Regulations on the Implementation of the Public Enterprises Act.

(5) The members of the Board of Directors shall be obliged to provide a guarantee for their management in the amount determined in the contract, but not less than their 3-month gross remuneration. The guarantee provided shall be returned upon termination of the contract and following a decision of the COMPANY's sole owner to relieve the member from liability. If the guarantee has been paid in cash, the interest on the amount paid shall also be subject to return.

(6) If business trips need to be made, the members of the Board of Directors shall be sent on assignment by the Chief Executive Officer (including his/her own business assignments) at the expense of the COMPANY. In case of conducting meetings of the COMPANY's bodies, the costs for the meeting arrangement and secondment of members of the Board of Directors, if the venue is different from their place of residence, shall be borne by the COMPANY.

STATUS OF AN EXECUTIVE MEMBER OF THE BOARD

Art. 30. (1) The Board of Directors shall assign the Chief Executive Officer (or, respectively, the Chief Executive Officers jointly) to manage and represent the COMPANY under the provisions of Art. 31. The non-executive members of the Board of Directors shall control the activity of the Chief Executive Officer (Chief Executive Officers).

(2) The Chief Executive Officer shall represent the COMPANY independently and shall be entitled to carry out all actions and transactions related to the activity of the COMPANY, draft and sign documents on behalf of the COMPANY, as well as authorise other persons to execute individual actions and transactions. If two Chief Executive Officers have been elected, they shall represent the COMPANY under the conditions of joint representation.

(3) The Chief Executive Officer shall organise the activity of the COMPANY in compliance with the law, this Incorporation Act, the Board's Rules of Procedure, the Policies and decisions of the sole owner of the capital, and the decisions of the Board of Directors. The CEO shall take over the operative management of the COMPANY's activity, conclude and terminate employment and other types of contracts of the COMPANY's employees and associates, and bear responsibility for the COMPANY's accountability and archives. The CEO shall also resolve all other issues outside the exclusive competence of the sole owner of the capital or the Board of Directors as provided by law or this Incorporation Act, or issues that he/she has been entrusted with through a decision of the sole owner of the capital.

(4) The management and control contract of the Chief Executive Officer, as well as the management and control contracts of the Board of Directors' members shall be signed by the representative of the sole owner of the capital, unless the Board of Directors of the sole owner of the capital has authorised another Board member to this effect.

REPRESENTATION OF THE COMPANY

Art. 31. (1) Before all third parties, the COMPANY shall be represented by the sole Chief Executive Officer independently (even if a procurator has been appointed).

(2) In case two Chief Executive Officers have been elected, the COMPANY shall be jointly represented by the two. Likewise, the two Chief Executive Officers may authorise other persons to perform individual actions or conclude single transactions (including, to authorise a single person).

(3) A procurator may represent the COMPANY within the framework of the assigned procuration.

SPECIAL MAJORITY FOR SOME DECISIONS OF THE BOARD

Art. 32. (1) The Board of Directors shall take unanimously the following decisions:

1. decisions under Art. 236 of the Commerce Act;
2. replacement of an executive member of the Board of Directors (without his/her participation in voting);
3. adoption of the Rules of Procedure of the Board of Directors.

(2) The Board of Directors may take decisions on the following issues only on the basis of a motion made by the Chief Executive Officer regarding:

1. proposal to the principal for acquisition of shares in other companies;
2. proposal to the principal for increasing or reducing the equity of the COMPANY or issuing bonds;
3. exercising the rights delegated by the principal.

SECTION SIX

DISTRIBUTION OF THE PROFIT

DIVIDENDS

Art. 33. (1) The Board of Directors shall make proposal to the sole owner of the capital for distribution of the profit identifying a specific amount of the dividend per share. The sum allocated for dividends shall be distributed proportionately to the number of shares.

(2) No dividends shall be allocated for shares which are not in circulation or are otherwise kept on the balance sheet assets of the COMPANY.

(3) The dividends shall be paid for the respective year in accordance with the procedure established by the Board of Directors and adhering to the provisions of Art. 247a of the Commerce Act and other normative acts.

SECTION SEVEN

TERMINATION AND LIQUIDATION

REORGANISATION AND TRANSFORMATION

Art. 34. Structural reorganisation of the COMPANY or its transformation into another type of company shall be carried out pursuant to a decision of the sole owner of the capital and adhering to the other provisions of the law.

TERMINATION OF THE COMPANY

Art. 35. The COMPANY shall be terminated in the following cases:

1. upon a decision of the sole owner of capital;
2. upon declaration of insolvency;
3. upon decision of the court in the cases provided by the law;
4. other cases provided by law.

LIQUIDATION

Art. 36. (1) In case of termination by a decision of the sole owner of the capital, the COMPANY's principal shall appoint liquidators and conclude contracts with them.

(2) Appointment of an individual as a liquidator (or a special representative in the cases provided

for in the Energy Act) shall not be possible, if the individual:

1. performs on his/her behalf or on someone else's behalf commercial transactions similar to the COMPANY's business activity;
2. is a partner in a general partnership, limited partnership, or a limited liability company running a business similar to the COMPANY's business activity;
3. has been deprived through a verdict or administrative penalty of the right to take materially reporting position;
4. takes a senior public position under Art. 6, para. 1, i. 1-38 and 41-45 of the Counter-Corruption and Unlawfully Acquired Assets Forfeiture Act;
5. is a government official or works under an employment contract in the government administration;
6. does not comply with other requirements provided by the law.

(3) The contract with the liquidators shall specify the rights and obligations of the parties, the amount of their remuneration and manner of payment, the responsibility of the parties in the event of contract non-performance, and the time for work completion.

(4) The liquidation of the COMPANY shall be carried out in accordance with the effective Bulgarian legislation.

SECTION EIGHT OTHER PROVISIONS

COMPANY BOOKS

Art. 37. (1) The COMPANY shall have and keep:

1. shareholders' register pursuant to Art. 17 of this Incorporation Act;
2. book of the decisions of the sole owner of the capital, respectively, archival records of the minutes of meetings of the Shareholders General Assembly;
3. minutes of the meetings of the Board of Directors;
4. other books and documents in accordance with the legislative requirements or of the internal organisational procedural rules of the COMPANY.

(2) The Chief Executive Officer shall be liable for keeping the COMPANY books.

CORRESPONDENCE

Art. 38. The correspondence of the COMPANY shall contain the data under Art. 13 of the Commerce Act.

This Incorporation Act was adopted by the sole owner of the capital on 22 December 2023 and was approved by Minutes No. 95-2023 of 22 December 2023 of the meeting of the Boards of Directors of the Bulgarian Energy Holding EAD.

FOR THE SOLE OWNER OF THE CAPITAL:

SIGNED BY: *sgd. ill.*

Ivan Andreev, Chief Executive Officer of BEH EAD