

POLICY ON AVOIDING AND COMBATING CONFLICT OF INTEREST

1. PURPOSE

In accordance with the Code of Ethics, IAR SA Company is committed to ensuring that its activity is carried out in conditions of integrity.

The purpose of the Policy on avoiding and combating conflicts of interest is to protect the company from ethical violations and any other aspects of non-compliance that would cause reputational, commercial, financial damage or would attract legal sanctions, reducing the prestige and profitability of the Company,

2. SCOPE

This Policy is applicable to all executive and management personnel (executive and administrative) of IAR S.A., in all activities carried out for or on behalf of the Company.

The provisions of this Policy do not represent derogations from the legal provisions in force, the Personnel having the obligation to comply with the applicable legislation.

The provisions of this Policy do not cover procurement procedures, these being regulated by the dedicated policy and procedure in force.

3. POLICY OBJECTIVES

The objectives of the Policy regarding the avoidance and combating of conflicts of interest are represented by ensuring the conduct of the company's activity in conditions of integrity, as well as protecting the company from ethical violations and any other aspects of non-compliance that would cause reputational, commercial, financial damage or would attract legal sanctions, reducing the prestige and profitability of the Company, both in the short and long term.

4. POLICY PRINCIPLES

4.1 Conflicts of interest and incompatibilities

In applying the provisions of the Code of Ethics regarding the avoidance of conflicts of interest, the Company's Personnel will monitor and avoid the occurrence of the following situations that may represent potential violations of the Code:

4.1.1. *The situation in which a person is called to participate in a decision-making process (e.g. recruitment, evaluation, contracting) ("Decision-maker"), in which he is involved:*

i) a person who is his/her spouse, relative or affine up to the second degree, including, directly or indirectly as a member of the statutory bodies (according to Law no. 31/1990 on companies) of a legal entity (such as shareholder/associate, administrator, director, etc.) or employee with a management or coordination function within a legal entity;

ii) a natural or legal person with whom he/she has had employment/similar relationships in the last year;

iii) a legal entity of whose statutory bodies (according to Law no. 31/1990 on companies) the Decision-maker is/was a member in the last year;

4.1.2. *Situations of direct or intermediary hierarchical relationships between spouses, relatives or in-laws up to the second degree.*

4.1.3. *Participation in the decision-making process after reporting the receipt of gifts with a value twice the limit allowed by the Policy on gifts, protocol expenses and the prohibition of facilitation payments.*

4.1.4. *Holding by the same person two executive positions which, by their nature, do not allow the accumulation of functions or imply a subordination relationship between them that generates a conflict of interest, within the Company.*

4.1.5. *The situation in which a member of staff has employment relationships with natural and/or legal persons, with whom the Company has contractual relationships.*

4.1.6. *Persons who have held positions with control responsibilities within institutions outside the Company (e.g. ANAF, ITM) and participated in control missions regarding the Company cannot be employees of the Company for a period of one year from the end of their activity.*

4.2 POLITICAL NON-AFFILIATION

4.2.1. *The Company's personnel are not prohibited from sympathizing with or being part of legally constituted political groups, provided that their political concerns do not affect professional performance and that no propaganda is made at the workplace.*

4.2.2. *Participation in social and political activities in their own name, with the exception of participation in union activities, is only done outside of working hours and with the avoidance of the use of any elements of the Company's visual identity that could associate it with the respective social or political activities.*

4.2.3. *The legal provisions regarding incompatibility situations and the occupation of leadership positions within the Company are strictly applied to personnel with coordination responsibilities or who hold leadership positions within the Company.*

4.2.4 *The Company prohibits its personnel from conducting political propaganda at work, from using the Company's resources of any kind for the purpose of supporting political parties, formations or candidates, as well as from participating in any political propaganda events where the Company's insignia are visibly used, so as to induce, even indirectly, the idea of support for the respective initiative by the Company.*

4.2.5. *It is prohibited to use in any way the position held within the Company for the purpose or in the interest of election to a public position/dignity, as well as to use in any way the resources made available by the Company, working time and the like for the purpose or in the interest of election to a public position/dignity. If the election to a public position/dignity could affect in any way the resources made available by the Company, working time and the like, from the moment of announcing his candidacy, respectively until the moment of validating the election results, the respective person may request either the granting of legal leave, or unpaid leave, or the suspension of the contract with the agreement of the parties.*

4.2.6. *In the event that a member of staff is elected to a public position/dignity, the employment contract concluded with the Company is suspended by law based on the Labor Code, for the entire period of exercising the mandate in the public position/dignity, unless the law provides otherwise.*

4.2.7. Failure to comply with the above provisions constitutes a disciplinary offense (in the case of individual employment contracts) / breach of obligations (in the case of any other agreement) and is sanctioned according to the law, respectively according to the provisions of the agreement concluded with the Company, depending on its legal nature.

5 APPLICATION RULES. ENSURING COMPLIANCE

5.1. In the event that the Company's Personnel is in one of the situations provided for in point 4.2.6. has the obligation to:

- immediately report the situation;*
- opt for one of the two positions within the term provided for by law from the date of occurrence of this situation, resigning from the second one, except for the situation in which the employment contract concluded with the Company is suspended by law according to the law.*

Until the exercise of the option, he cannot participate in making any decision, both until the exercise of the option and after the exercise of this option in favor of the position within the Company and until the termination of the incompatibility clause, he will not be able to participate in the decision-making process.

5.2. In the situations mentioned in point 4.1.2, the Personnel of the IAR SA Company will monitor and avoid the occurrence of the following situations that may represent violations of the principles and rules of the Code of Ethics:

- participation of the Personnel of the Company in decision-making processes regarding individuals who are spouses, relatives or in-laws up to the second degree inclusive*
- recruiting, hiring or contracting a person who has the status of a convicted person, for a management or coordination position within the Company, as personnel with coordination responsibilities*
- promotion/mandating a person who has the status of a convicted person in a management or coordination position within the Company, as personnel with coordination responsibilities*
- maintaining a person who has the status of a convicted person in a management or coordination position within the Company, as personnel with coordination responsibilities, if the contract has not been terminated by law, in accordance with the applicable legislation and/or if the suspension, modification or termination of the contract of the respective person, from the Company's initiative, does not contradict its provisions and labor legislation.*

In the event of a direct or intermediary hierarchical relationship between spouses, relatives or in-laws up to the second degree inclusive, the general principle of avoiding potential conflicts of interest is that any decision regarding career management (evaluation, remuneration, training, promotion, mandate, performance indicators, etc.) of the person in the lower hierarchical position will be assumed either by a person with an equal position with the person who, normally, has the right to decide (but who is in a potential conflict of interest), or by his superior.

Any material or other benefit obtained by the Company's Personnel as a result of a decision-making process carried out without complying with the provisions of this Policy is considered an undue benefit, and the applicable legal procedures will be carried out for the purpose of annulling or returning the Company and returning to the situation prior to the respective decision-making process.

The Company reserves the right to claim damages from the Company's Personnel if it is held responsible for violating the provisions of this Policy.

5.3. In the cases mentioned in point 4.1.4., the Company's Personnel in such situations are obliged to:

- immediately report the situation to the Human Resources Department, which notifies the person in question regarding the options to be followed to clarify or remedy the situation*
- to comply with the option communicated by the Human Resources Service within the communicated deadline. Until compliance, they cannot participate in making any decision.*

In the event of non-compliance within the deadline established by notification, the Human Resources Service will propose a prior disciplinary investigation or, as the case may be, the procedure established contractually for the breach of the obligations assumed by the Personnel (in the case of another type of contract).

5.4. In the cases in points 4.1.1 and 4.1.3, the persons called to participate in decision-making processes submit, before their commencement, a declaration that they are/are not in any of the situations provided for in the Code and in this Policy, describing the situation, if applicable.

This declaration will be completed after knowing the identity of the parties involved and archived in the file with the documentation specific to the respective decision-making process.

If during the decision-making process the existence of any such situation is discovered, the person involved shall immediately notify the compliance officer, make a declaration of abstention and request replacement.

5.5. The taking by the Personnel of any decision in violation of the Code and this Policy represents a disciplinary offense (in the case of individual employment contracts)/breach of obligations (in the case of any other type of agreement) and shall be sanctioned according to the law, respectively according to the provisions of the agreement concluded with the Company, depending on its legal nature.

5.6. The Company's executive management shall annually complete declarations of assets and interests in accordance with the legal provisions in force and the regulations of ANI.

5.7. The declarations shall be updated and submitted to ANI, with the information of the compliance officer.