

**The statement of compliance of IAR SA Company with the Corporate  
Governance Code of BSE**

Comply or Explain Question	Yes	Partial	No	Explantion
<b>A1</b> - The Board should ensure the Company's long-term success and sustainability for the best interest of the Company and its shareholders and taking into account the interests of other stakeholders. The Board should clearly define and disclose the full scope of its roles and responsibilities.	x			
<b>A1.1</b> The Board should have an internal regulation that formalises and clearly states its roles and responsibilities. The articles of association, Board's internal regulation and other internal regulations should clearly delineate the roles and competencies among the Board, general meeting of shareholders (GMS) and executive management.	x			
<b>A1.2</b> Board's internal regulation should include, among others, the Board's responsibilities as well as fiduciary duties of directors to act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company, its shareholders and taking into account the interests of other stakeholders in line with legal requirements.	x			
<b>A1.3</b> To sustain the Company's long-term viability and success, the Board should:	x			
- Oversee the development and approve the Company's strategy and ensure that it also integrates sustainability aspects, including environmental and social (E&S) considerations and climate-related risks and opportunities;	x			
- Appoint and dismiss CEO and other executives to whom executive management responsibilities were delegated (called executive management) and ensure their succession planning;	x			
- Oversee the management performance, management role in addressing material sustainability risks and opportunities and align the remuneration of executive management with the long-term interests and sustainability of the Company, according to the provisions of the Company's remuneration policy;	x			
- Ensure there is a sound framework for internal controls and risk management;				
- Ensure that the Company has in place procedures to enable effective communication with shareholders and other stakeholders.	x			
<b>A1.4</b> Duration of appointment of Board and executive management should be set clearly and should, to the extent possible, foster stability and predictability.	x			

<p><b>A2</b> The Board should have an appropriate balance of skills, experience, gender diversity, knowledge and independence to enable it to effectively perform its duties and responsibilities.</p>	<p><b>x</b></p>			
<p><b>A2.1</b> The Board should have at least five members.</p>	<p><b>x</b></p>			
<p><b>A2.2</b> The Board should have in place a policy on Board and executive management diversity and should ensure that diversity requirements in terms of gender, age, experiences and skills are incorporated in the Nomination Policy.</p>	<p><b>x</b></p>			
<p><b>A2.3</b> The Board should develop a Board profile which specifies the desired characteristics and traits of its members including factors such as independence, diversity, integrity, specific skills and experience, industry knowledge, ability and willingness to devote adequate time and effort to Board responsibilities in the context of the needs of the Board and its committees and their exercise of the Board's strategic and oversight roles. The Board profile can be part of the Nomination Policy.</p>	<p><b>x</b></p>			
<p><b>A2.4</b> The majority of the members of the Board should be non-executives. At least a third of the Board members should be independent. Each independent member of the Board should submit a declaration regarding his/her independence at the time of his/her nomination for election or re-election as well as when any change in his/her status arises, as per the criteria of independence defined in law and in Appendix A to the Code.</p>	<p><b>x</b></p>			
<p><b>A2.5</b> The Nomination and Remuneration Committee (or the entire Board if there is no Nomination and Remuneration Committee) should assess whether the directors can be considered independent under the factors taken into account, by examining whether there are any business or other personal relationships that could materially affect the independence and objectivity of the director and his/her ability to act in the best interests of the Company, its shareholders and stakeholders.</p>	<p><b>x</b></p>			
<p><b>A2.6</b> The positions of Chairperson and Chief Executive Officer (CEO) are recommended to be held by different individuals.</p>	<p><b>x</b></p>			
<p><b>A2.7</b> If the Chairperson and CEO functions are performed by the same person, it is recommended that the Board appoints an independent Vice-Chairperson.</p>				<p><b>Not applicable</b></p>
<p><b>A3</b> - The Board should ensure that a formal, rigorous and transparent procedure is put into place regarding the nomination of new members to the Board.</p>	<p><b>x</b></p>			
<p><b>A.3.1</b> The Company should develop and disclose a board nomination policy ("Nomination Policy") that should define the processes and procedures for the nomination, election or replacement of a director. The</p>	<p><b>x</b></p>			



<p>Nomination Policy, approved by the competent governance body, shall describe how the Company receives and evaluates nominations from shareholders (including minority shareholders) or from members of the Board, including in relation to the board profile, independence and diversity.</p>				
<p>A.3.2 The Board, through its Nomination and Remuneration Committee, if established, should monitor the nomination process of candidates for the position of Board member.</p>	x			
<p>A.3.3 The Company should disclose to shareholders information on the experiences and CV of the director candidates that they require to make an informed decision on the appointment or reappointment of the directors including the following:</p>	x			
<ul style="list-style-type: none"> <li>- candidates' professional commitments and engagements, including executive and non-executive positions in companies, public authorities, not-for-profit bodies or other organisations;</li> </ul>	x			
<ul style="list-style-type: none"> <li>- any existing or potential conflicts of interest including whether they have business, family or other relationships that could affect their performance as directors on the Board;</li> </ul>	x			
<ul style="list-style-type: none"> <li>- which shareholder or member of the Board proposed each candidate for the Board positions.</li> </ul>	x			
<p>A.4. The Board should establish committees which should assist the Board in the performance of its key responsibilities, dealing with strategic challenges and in managing sensitive issues with high potential for conflicts of interest.</p>	x			
<p>A.4.1 The Board shall establish an Audit Committee to enhance its oversight capability over the financial reporting, internal control framework, internal and external audit processes, and compliance with applicable laws and regulations. Where a separate risk management committee is not required by law or already established, the Audit Committee will also include oversight responsibilities for the efficiency of the risk management framework.</p>	x			
<p>A.4.2 The Audit Committee is recommended to be composed of non-executive directors. The majority of the Committee members is recommended to be independent, including the Committee chairperson. The Audit Committee, as a whole, should have competencies relevant to the Company's area of operations. The Committee and its members should comply with the applicable national and European legislation.</p>	x			
<p>A.4.3 The Boards of Premium Tier companies should set up a Nomination and Remuneration Committee formed of non-executive directors. The majority of the</p>				<p><b>Not applicable</b></p>

Committee members is recommended to be independent, including the Committee chairperson. The Board may also establish a separate Nomination Committee and a separate Remuneration Committee if the Board composition accommodates it and if this is justified given the Company's size and complexity of its business and governance structures.				
A.4.4 In addition to its specific responsibilities as provided under this Code, the Nomination and Remuneration Committee should:	x			
- Review and recommend to the Board the size and composition of the Board and lead the development and ongoing review of the Board profile;	x			
- Identify individuals qualified to become Board members and members of the executive management, if requested; evaluate the candidates for executive management roles; evaluate the candidates proposed by the shareholders or by Board members for a director role and inform the GMS accordingly;	x			
- Make recommendations to the Board concerning committee appointments (other than the Nomination and Remuneration Committee);	x			
- Coordinate an annual evaluation of the Board, directors and committees in line with provisions set out in Principle A.5.;	x			
- Assist the Board in fulfilling its responsibilities related to the Company's remuneration policy;	x			
- Assist the Board in the development of the succession plans for executive management, as well as the emergency succession plans and CEO search process, as required;	x			
- Oversee the administration of the Company's compensation and benefits plans.	x			
A.4.5 The role and responsibilities of Board committees should be defined in separate internal regulation (operating regulations) and disclosed on the Company's website. If the Company chooses not to establish any of the Board committees not required by law, the corresponding tasks and responsibilities shall be done by the Board and should be adequately stated in the Board's internal regulation.	x			
A.4.6 The evaluation of independence for the members of the committees, including when the members of the committees are appointed by the GMS, shall be carried out according to the same procedure applicable to the independent members of the Board.	x			
A.4.7 The chairpersons of the Audit Committee and Nomination and Remuneration Committee should not be the Chairperson of the Board or of any other committee, unless this is justified by the size of the Board.	x			



A.5. The Board should set up robust Board operating procedures as well as Board evaluation and continuous development mechanisms to improve directors' skills and their ability to effectively deliver their responsibilities.	x			
A.5.1 The Board Chairperson is primarily responsible for ensuring that the Board functions properly. The Board's internal regulation should contain the role and responsibilities of the Board Chairperson and the Board Chairperson, at a minimum, should:	x			
• Determine the agenda of the Board meetings, chair such meetings and ensure that minutes are kept of such meetings;	x			
• Ensure the Board receives accurate, timely, useful, succinct information to enable the Board to make sound decisions;	x			
• Ensure the Board has sufficient time for consultation and decision-making;	x			
• Enable the Committees to function properly and that there is effective communication with Board committees, including actionable, insightful reports of committees back to the full Board;	x			
• Ensure the performance of the Board is evaluated and discussed at least once a year and disclosed as per provision D.1.3;	x			
• Ensure that the Board has proper working relationship with the executive management. The CEO and the Chairman of the Board (if positions are held by different individuals) shall meet regularly;	x			
• Address and manage internal disputes and conflicts of interest concerning Board members.	x			
A.5.2 The Board should meet as often as necessary but not less than six (6) times a year (At least 4 meetings for financial results, 1 meeting for strategy and 1 meeting for Board evaluation).	x			
A.5.3 The Board can request to designate the Corporate Secretary who should assist the Board in complying with its obligations under law, Board internal regulation and other policies. The Corporate Secretary should be a senior officer in the Company tasked with assisting the Board and its committees in organising their activities, in preparing for the meetings, annual Board and committee performance evaluation and director training programs, if the case.	x			
A.5.4 The Board should clearly define the rights and responsibilities, scope of authority and other issues related to the Corporate Secretary.	x			
A.5.5 The Board and its committees should develop and approve an annual internal work plan identifying topics to address during the year before the end of the previous	x			

<p>year. The plan should take into account decisions that need to be proposed to the GMS, reporting by management and internal control functions, the required frequency of Board and Committee meetings, and should be reviewed by the Chairperson, assisted by the Corporate Secretary.</p> <p><b>A.5.6</b> The Board should conduct an annual evaluation of the composition, activity and dynamics of the Board and its committees, individually and as a whole, and which should be coordinated by the Nomination and the Remuneration Committee.</p> <p><b>A.5.7</b> The Nomination and Remuneration Committee should share the results of the Board evaluation with the whole Board and should then set follow up actions, if any, including professional development and training plans for the Board to fill gaps.</p> <p><b>A.5.8</b> The Board's internal regulation should require Company orientation (induction) programmes 4 for newly appointed directors, ensured by internal staff of the Company. The Board's internal regulation can also include references for ongoing director education program, if needed. The implementation of any orientation and ongoing trainings programmes for directors(as per the Board decision) is made under the oversight of the Nomination and Remuneration Committee, with the support of the Corporate Secretary. Based on the results of the annual board evaluation, the Nomination and Remuneration Committee jointly with the Board Chairperson shall develop professional development programmes focusing on the areas where capacity should be built among Board members.</p>	<p>x</p> <p>x</p> <p>x</p>			
<p><b>A.6</b> Executive management is responsible for day-to-day management of the Company. The Board should ensure that the executive management is capable of effectively running the Company and that its composition, competence, roles and management incentives support the successful implementation of Company's strategy and plans.</p> <p><b>A.6.1</b> Executive management should run the Company and be accountable to the Board. Division of responsibilities between the Board and the executive management and between different members of the executive management should be clearly articulated in the Company's by-laws and the internal regulations of the Company.</p> <p><b>A.6.2</b> When Board Chairperson and CEO roles are exercised by one individual, the different responsibilities of the Board Chairperson and CEO should be clearly defined and distinguished in the Company by-laws.</p>	<p>x</p> <p>x</p> <p>x</p>			Not applicable



<p><b>A.6.3</b> The Board should ensure that the executive management is comprised of persons with adequate knowledge, skills, diversity and experience to support successful Company performance and that there are measures in place to provide for the orderly succession of executive management.</p> <p><b>A.6.4</b> The Board, with the support of the Nomination and Remuneration Committee, should annually evaluate executive management's performance, the effectiveness of its cooperation with the Board, including the information provided to the Board.</p>	x			
<p><b>B.1</b> The Company should have an adequate and effective internal control framework and an enterprise risk management framework, taking into account its strategy, size, complexity of operations and risk profile including potential environmental and social impact of its activities.</p> <p><b>B.1.1</b> The Board determines the nature and extent of the risks the Company is willing to take necessary for the achievement of Company's strategic objectives(i.e., the Company's risk appetite) and should ensure there are clear structures, policies and procedures in place that identify, evaluate, report, manage and monitor significant and emerging risks, including risks related to sustainability, cybersecurity and the use of digital technologies. The Board should explain in the annual report the mechanisms and processes in place to identify and manage risks.</p> <p><b>B.1.2</b> The Board should adopt a formal risk management policy, to ensure accurate, complete and timely identification, measurement and reporting of risks, adequate and feasible risk control measures as well as integration of an E&amp;S risks into the risk management framework in support of the Company's strategy implementation.</p> <p><b>B.1.3</b> The Board and Audit Committee should understand emerging information technology and artificial intelligence-related changes so to mitigate cybersecurity risks. Time should be given to the AI risks and opportunities and cybersecurity on Board agenda to ensure understanding of cyber protection.</p> <p><b>B.1.4</b> The Company is recommended to establish a risk management function responsible for ensuring accurate, complete and timely identification of the risks, ensuring that adequate and feasible risk control measures are in place and monitoring the risk management procedures. The risk management function, through the Chief Risk Officer (CRO), where present, should have a direct communication and functional reporting to the Board and Audit Committee (if there is no separate Risk Committee).</p>	<p>x</p> <p>x</p> <p>x</p> <p>x</p>		x	<p><b>The Risk Monitoring Committee and the Safety Action Group are active in the company.</b></p>

<p><b>B.1.5</b> The Board with the assistance from the Audit Committee should at least annually assess the adequacy and effectiveness of Company's risk management and internal control framework (including operational and compliance controls) and make relevant recommendations. The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and compliance, internal control reports, if they are required by applicable legislation, to the Audit Committee, management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and submission of relevant reports to the Board.</p>	x			
<p><b>B.1.6</b> The Company should develop and make available on a free of charge basis on the Company's website a whistle-blowing mechanism which would enable employees and stakeholders to make reports about suspected breaches or wrongdoings as per the applicable legislation in place.</p>	x			
<p><b>B.2</b> The Audit Committee should assist the Board with ensuring the integrity of financial and non-financial reporting, establishing an effective risk management and internal control framework and maintaining an appropriate relationship with the Company's external auditors.</p>	x			
<p><b>B.2.1</b> In addition to its responsibilities mentioned in legislation and elsewhere in the Code, the Audit Committee should:</p>	x			
<ul style="list-style-type: none"><li>• Review the Company's internal controls and risk management frameworks;</li></ul>	x			
<ul style="list-style-type: none"><li>• Oversee the development and application of the Company's policies on conflicts of interests and related party transactions;</li></ul>	x			
<ul style="list-style-type: none"><li>• Ensure independence and review the effectiveness of the Company's internal audit function and make a recommendation to the Board;</li></ul>	x			
<ul style="list-style-type: none"><li>• Oversee the internal audit function;</li></ul>	x			
<ul style="list-style-type: none"><li>• Oversee the preparation of sustainability-related reports and information included in them, unless this task is assigned to another committee;</li></ul>	x			
<ul style="list-style-type: none"><li>• Oversee the framework for ensuring the Company's compliance with applicable legal and regulatory requirements and internal regulations of the Company (like the procedures for reporting breaches of the law or the Company's Code of Conduct), unless this task is assigned to another committee.</li></ul>	x			
<p><b>B.2.2</b> Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by regular (at least annual) or ad-hoc reports to the Board.</p>	x			
<p><b>B.2.3</b> The Audit Committee should monitor the independence and objectivity of the external auditor.</p>	x			



<p>The Committee should approve a policy on the provision of permitted non-audit services by the external auditor in line with legal requirements and enforce implementation of that policy. Committee's findings regarding the independence of the external auditor should be disclosed in the annual report.</p> <p><b>B.2.4</b> The Audit Committee should discuss the annual audit work plan with the external auditor covering the scope and materiality of the activities to be audited. The audit committee should meet the external auditor as needed to discuss issues identified and to monitor the quality of the services provided.</p>	x			
<p><b>B.3</b> The Board should ensure the independence of the internal audit function. Company's internal audit function should provide independent and objective assurance on the effectiveness of risk management framework and internal control framework.</p> <p><b>B.3.1</b> The Board should ensure that the internal audit has the authority, resources and procedures adequate to assist the Board in ensuring effectiveness and efficiency of the Company's risk management and internal control framework.</p> <p><b>B.3.2</b> To ensure fulfillment of the core functions of the internal audit function, the head of the function should be appointed by and report functionally directly to the Board via the Audit Committee, who shall be tasked with approving his/her appointment and dismissal. This is without prejudice to administrative reporting to the CEO and sharing information with the Company's executive management, in line with legal requirements and professional standards.</p> <p><b>B.3.3</b> The internal audit function should be established in line with applicable legal requirements and industry standards (e.g., Institute of Internal Auditors). The internal audit authority, composition, remuneration, annual budget, working procedures and other relevant matters shall be regulated in separate internal audit's internal regulation approved by the Board, following the recommendation of the Audit Committee.</p> <p><b>B.3.4</b> The Audit Committee should agree an annual internal audit work plan with the internal auditor, receive internal audit reports, updates on key audit issues, monitor implementation of recommendations of the internal audit and provide necessary guidance.</p>	<p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>x</p>			
<p><b>C.1</b> Members of the Board shall receive remuneration corresponding to the volume and weight of powers and their responsibilities, rather than the performance of management or the Company. The structure and amount of director's remuneration should enable the Company to attract, retain and motivate the competent and qualified directors.</p>	x			

<p><b>C.1.1</b> Board members should receive remuneration, as per the Remuneration Policy of the Company. Members who also serve on Board committees should receive additional remuneration for this work. But in no circumstances should the remuneration be linked to the number of board or committee meetings.</p>	<p><b>x</b></p>			<p><b>In accordance with the remuneration policy, members of the advisory committees do not receive additional remuneration for their work on these committees.</b></p>
<p><b>C.2</b> The Board shall ensure there is a formal and transparent policy and procedure for determining the remuneration of executive management that aligns with the long-term interests of the Company and the Company's strategy. This policy shall be presented, subject for approval, to the GMS in line with legal requirements.</p> <p><b>C.2.1</b> The Board should determine the annual remuneration of the executive management, based on the recommendations of the Nomination and Remuneration Committee and in accordance with the Company's remuneration policy. The remuneration policy should be prepared in accordance with the relevant legal requirements.</p> <p><b>C.2.2</b> Levels of remuneration for executive management members and key performance indicators taken into account when determining variable (performance-based) part of the remuneration should be set in advance and be measurable and appropriate in relation to the agreed strategy and risk appetite, the economic environment within which the Company operates, and the pay and conditions of employees within the Company. In particular, they should include indicators related to non-financial performance and appropriate sustainability objectives.</p> <p><b>C.2.3</b> Company's shares and/or share purchase options should represent a significant part (e.g., not less than 10%) of the executive management member's total variable remuneration.</p>	<p><b>x</b></p> <p><b>x</b></p> <p><b>x</b></p>		<p><b>x</b></p>	
<p><b>D.1</b> The Company should ensure adequate communications with shareholders, investors, regulators and other stakeholders and establish adequate systems for financial and sustainability reporting.</p> <p><b>D.1.1</b> The Company should make sure to provide accurate, complete and timely financial and operational information, including quarterly, half-yearly and annual reports, as well as current reports. Companies should ensure all relevant information is easily accessible to</p>	<p><b>x</b></p> <p><b>x</b></p>			



investors, including through the Company website and other public information sources, as the case may be.				
<b>D.1.2</b> The Company is recommended to have an Investor Relations (IR) function and should appoint a dedicated person in charge of IR function. The contact details of the person or persons charged of the IR function shall be available on the Company's website. The IR function will report directly to the CEO/CFO, underscoring its significance within the Company's hierarchy and emphasizing its central role in managing and communicating the Company's capital market engagements and status. The Company should organise induction and regular training/courses, if needed, for the IR function, tailored to its specific needs and responsibilities.	X			
<b>D.1.3</b> The Company should include on its corporate website a dedicated Investor Relations section, with all relevant information of interest for investors, available both in Romanian and English, including:				
• Main corporate regulations: updated articles of association, GMS procedures, board's internal regulation and board committees' internal regulations.	X			
• List of current members of the Board, Board's Committees and executive management, providing an up-to-date information on independence status, professional CVs (containing at least: name, surname, gender, nationality, age; work experience by year, position and Company; studies, field of study and academic or professional institution granting the diploma), other professional commitments, including executive and non-executive Board positions in companies, not-forprofit institutions and state institutions; relationship with shareholders holding at least 5% of the voting rights/shares issued by the Company; the duration of the appointment of the members of the Board, the Committees and the executive management, specifying the date from which they were appointed.	X			
• Current reports and periodic reports (quarterly, semi-annual and annual reports).				
• Information related to GMS: the agenda, supporting materials and the decisions taken; procedure for running the GMS; the Nomination Policy; candidates' professional CVs (containing at least: name, surname, gender, nationality, age; work experience by year, position and Company; studies, field of study and academic or professional institution granting the diploma), as well as any other information presented at A.3.3; communication channel(s) for shareholders to address questions; answers to shareholders' questions	X			

related to the agenda; declarations of independence for board candidates and evaluations made by Nomination and Remuneration Committee/Board for candidates, including their compliance with independence criteria.	x			
• Information on Board evaluation, made as per Provision A.5.7, including evaluation criteria and process, as well as a summary result of the evaluation and actions that have been or will be undertaken as a result of the evaluation.	x			
• Information on corporate events, such as payment of dividends and other distributions to shareholders, or other events leading to the acquisition or limitation of rights of a shareholder, including the deadlines and principles applied to such operations. Such information should be published within a timeframe that enables investors to make investment decisions.	x			
• Corporate policies, among which code of conduct, dividend policy, remuneration policy, forecast policy, policy for communication with investors, the corporate social responsibility (CSR)/sponsorship policy, policy for related parties' transactions, policy for diversity, equity and inclusion, and whistleblowing policy (if not already part of the Code of Conduct).			x	<b>Restrictions determined by the specificity of the activity and market sector (the beneficiaries of the company's products and services are components of the NATIONAL DEFENCE AND SECURITY SYSTEM)</b>
<b>D.1.4</b> The Company should organise at least two meetings/conference calls with analysts and investors each year. The information presented on these occasions should be published in the IR section of the Company website at the time of the meetings/conference calls.				
<b>D.1.5</b> The Company should disclose the material and reportable non-financial and sustainability issues with emphasis on the disclosure of environmental, social and governance (ESG) issues of its business and operations in line with the recognized standard of sustainability reporting. The Company's sustainability statements shall be disclosed on its website.	x		x	<b>The Company will report these matters after the end of the 2025 financial year.</b>
<b>D.1.6</b> The Company should have a CSR/sponsorship policy to guide the activity in the area of supporting CSR activities and sponsorship.				
<b>D.2</b> The Company should ensure fair and equitable treatment of all its shareholders, as well as availability of	x			



all needed tools and information to allow shareholders to exercise their rights in relation to the Company.				
D.2.1 The Company should have a dividend policy as a set of directions the Company intends to follow regarding the distribution of net profit.	x			
D.2.2 The procedure for running the GMS should not restrict the participation of shareholders in GMS and the exercise of their rights. Amendments of the procedure for running the GMS should take effect, at the earliest, as of the next GMS.	x			
D.2.3 The external auditors should attend the shareholders' meetings where their reports are presented, in order to respond to shareholders' questions.	x			
D.2.4 The Board should present to the annual GMS a summary of the assessment of the adequacy and effectiveness of the risk management and internal control framework, as per the related information included in the annual report.	x			
D.2.5 The Company should stimulate engagement with shareholders and investors by:	x			
• Encouraging active shareholder participation in GMS, like ensuring conditions for virtual participation.	x			
• Holding regular briefings and updates for investors, especially during significant corporate events.	x			
• Establishing channels for shareholders to provide feedback and ask questions, ensuring responses are timely and comprehensive.	x			
D.2.6 Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the Chairperson of the Board. Accredited journalists may also participate in the GMS, unless the Chairperson decides otherwise.			x	<b>Restrictions determined by the specificity of the activity and market sector (the beneficiaries of the company's products and services are components of the NATIONAL DEFENCE AND SECURITY SYSTEM)</b>
E.1 The Company should integrate sustainability aspects in its strategy and mitigate any material negative environmental and social impacts of its operations, to the possible extent.	x			
E.1.1 The Board should ensure that sustainability, environmental and social considerations are integrated in the Company's strategy and operations, risk management and remuneration practices and shall oversee this integration. A specialised sustainability	x			

committee or one of the standing committees of the Board shall assist the Board with these tasks. E.1.2 The Board should ensure that Company's operations run according to the national and international E&S standards and Company's E&S policies are consistent with its long-term objectives. In particular, the Company shall have internal acts relating to its responsibilities for environmental and social issues and policies and procedures that enable it to identify material factors and assess the impact on the Company's activities. E.1.3 Whenever a decision to be approved by the Board has potential material and negative E&S impact, the Board should receive from the executive management (i) an analysis on how this decision is aligned with the Company's sustainability objectives and E&S policies or (ii) proposal of the measures to mitigate negative E&S impacts.	x			
E.2 The Company should have in place a process for identifying the stakeholders affected by Company's operations. The Board should take into consideration stakeholders' interests and ensure there is active communication between the Company and its stakeholders. E.2.1 The Board should ensure that there is a formal stakeholder identification process for Company's stakeholders including investors, creditors, clients, employees and suppliers, as well as targeted approaches for engaging with its priority stakeholders.	x			
E.3 The Board should adopt a Code of Conduct with adequate scope including guiding principles which reflect the Company's commitment to ethics, integrity and quality of performance. E.3.1 The Board should develop a purpose statement and a vision statement as well as articulate Company's values, so the entire organisation understands the Company's strategic direction. E.3.2 The Board should adopt a Code of Conduct for Board members, executive management and Company employees, with clear provisions aimed at preventing and sanctioning fraud and bribery. The Board should not permit any waiver of any ethics requirement by any director, executive manager or employee. E.3.3 The Board should ensure that the Code of Conduct policies are integrated into Company's practices and incorporated into the onboarding process for new hires. The Board should ensure the efficient implementation and monitoring of compliance with the Code of Conduct and periodically review it.	x			

Constantin ALEXIE COTAN BODOLAN - CHAIRMAN OF THE BOARD OF IAR S.A.

