



**CORPORATE GOVERNANCE REGULATION**  
**SAFETECH INNOVATIONS S.A.**

**2025**

**SECOND EDITION**

**ENGLISH LANGUAGE**

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**SAFETECH INNOVATIONS S.A.**



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**DEFINITIONS:**

<b>Articles of Incorporation</b>	Document containing the Company's charter, drawn up in accordance with the provisions of Law no. 31 and of the Capital Market Legislation.
<b>Shareholder</b>	A natural or legal person who holds shares in the Company and is recorded as such in the Shareholders' Register.
<b>Director</b>	A person who ensures the management and/or, as the case may be, the representation of the company and who carries out his or her activity within a board of directors, appointed in accordance with the provisions of Law no. 31.
<b>Executive Directors</b>	Those members of the Board of Directors who have executive management responsibilities regarding the Company's activities, in accordance with Article 143 of Law no. 31. They are responsible for the conduct of day-to-day activities and the executive management of the Company. At the same time, with regard to their capacity as members of the Board of Directors, executive directors have the same duties and responsibilities as the other members of the Board of Directors, and such duties and responsibilities extend to the entire activity of the Board of Directors, not only to the part covered by their individual executive roles (where applicable). In their capacity as members of the Board of Directors, they are directly accountable to the Shareholders.
<b>Non-Executive Directors</b>	Those members of the Board of Directors who do not have executive responsibilities in the day-to-day management of the Company. At the same time, with regard to their status and duties as members of the Board of Directors, non-executive directors have the same duties and responsibilities as the other members of the Board of Directors. This means that a non-executive director may make an important contribution to the Board by providing objective criticism and valuable support in monitoring and supervising the Executive Management.
<b>Affiliate</b>	Means any natural or legal person defined as such under the international accounting standards adopted in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards in the EU, namely IAS 24 (Related Party Disclosures).
<b>OGMS</b>	Ordinary General Meeting of Shareholders.
<b>EGMS</b>	Extraordinary General Meeting of Shareholders.
<b>Employee</b>	A natural person who is in an employment relationship with the Company, based on an individual employment contract concluded between the parties.
<b>ASF</b>	Financial Supervisory Authority

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<b>BVB</b>	Bucharest Stock Exchange
<b>Rules</b>	The document containing these Corporate Governance Rules applicable at the level of the Company.
<b>BVB Corporate Governance Code</b>	A set of principles and recommendations, effective as of 01.01.2025, regarding corporate governance aspects applicable to companies whose shares are admitted to trading on the regulated market of the Bucharest Stock Exchange.
<b>Collaborator</b>	Any natural or legal person who provides services/works to the Company and who has duties of due care and professionalism towards the Company.
<b>Committee / Committees</b>	Means any and all advisory committees of the Board of Directors.
<b>Executive Management</b>	Means the Directors, including the Chief Executive Officer, as the management body of the Company, having executive powers delegated in accordance with Article 143 of Law no. 31.
<b>Board of Directors</b>	Means the collective management body of the Company, organized under a unitary management system, composed of Executive Directors and Non-Executive Directors, which coordinates the management activity of the Company, in accordance with the powers established under the Articles of Incorporation and Law no. 31.
<b>Department</b>	A functional unit of the Company in accordance with the Company's organizational chart, regardless of the number of Employees/Collaborators active within it and regardless of its designation – division, department, service, office, etc.
<b>Central Depository</b>	Depozitarul Central S.A., the entity that provides registry services for the Company and ensures the opening and administration of financial instrument accounts within the RoClear system at the highest level, as well as the initial registration of financial instruments in the RoClear system.
<b>Manager</b>	Means the Executive Director or a person outside the Board of Directors to whom management powers of the Company have been delegated, in accordance with Article 143 of Law no. 31, and who, in an executive capacity, is responsible for the conduct of day-to-day activities and the executive management of the Company.
<b>Chief Executive Officer</b>	That Director appointed as Chief Executive Officer under the Articles of Incorporation, whose responsibilities are established under a mandate agreement concluded with the Company.
<b>Law no. 24/2017</b>	Law no. 24/2017 on issuers of financial instruments and market operations.

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<b>Capital Market Legislation</b>	All laws, regulations and other rules applicable to the Company in its capacity as a listed company, including, but not limited to, Law no. 24/2017, Regulation no. 5/2018 and MAR.
<b>Law no. 31</b>	Law no. 31/1990 on companies, republished, as subsequently amended and supplemented.
<b>MAR</b>	Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.
<b>Organizational Chart</b>	The overall graphical representation of the Company's organizational structure.
<b>Person</b>	Any natural or legal person, in a general sense.
<b>Proposed Person</b>	Persons proposed by shareholders and/or by the current members of the Board of Directors to be elected as new members of the Board of Directors.
<b>Policy</b>	A document approved by the Board of Directors which sets out organizational principles and general rules of conduct to be adopted in the Company's activity, mandatory for all Company personnel.
<b>Chair of the Board of Directors</b>	One of the Directors, acting as Chair, elected by the members of the Board of Directors from among its members.
<b>Procedure</b>	A document approved by the Board of Directors describing a process/a set of rules or an activity carried out at the level of one or more Departments of the Company.
<b>Shareholders' Register</b>	The register kept by the Central Depository, containing the records of the Shareholders.
<b>Regulation no. 5/2018</b>	ASF Regulation no. 5/2018 on issuers of financial instruments and market operations.
<b>Secretary of the Board of Directors</b>	The person appointed for this purpose by the Board of Directors upon the proposal of the Chair of the Board of Directors. The Secretary of the Board of Directors shall be a competent person, a senior expert within the Company, having the necessary experience and professional background, who participates in the meetings of the Board of Directors. The Secretary of the Board of Directors (a senior

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	<p>employee or a lawyer) shall provide services to all members of the Board of Directors, supporting the Chair, the other members of the Board of Directors and the Company's Committees, both collectively and individually, in organizing their activities, preparing meetings, carrying out the annual performance evaluation of the Board of Directors and the Committees, as well as training programs for members of the Board of Directors, where necessary, and in ensuring the Board's compliance with internal rules and with the relevant laws and regulations.</p>
<b>Website</b>	<p>The website accessible at <a href="http://www.safetech.ro">www.safetech.ro</a></p>
<b>Company</b>	<p>SAFETECH INNOVATIONS S.A., a legal entity having its registered office in Romania, Bucharest, 12-14 Frunzei Street, 1st and 2nd floors, Sector 2, registered with the Trade Registry Office attached to the Bucharest Tribunal under no. J2011003550405, sole registration code 28239696.</p>
<b>Head of Department</b>	<p>The person appointed by the Company to coordinate the activity of a Company Department. Heads of Departments are subordinated to the Executive Management and the Board of Directors. For clarity, they are not delegated management powers of the Company within the meaning of Article 143 of Law no. 31.</p>



## **1. GENERAL PROVISIONS**

- 1.1.** The Company's Board of Directors adopts this document containing the corporate governance rules applicable within the Company, with the purpose of establishing the principles underlying the optimal and lawful management of the Company, taking into account the fact that the Company is listed on the Bucharest Stock Exchange and, consequently, subject to all rules applicable as a result of this status. The objective of these rules is to protect and align the interests of all participants in the Company's activity – shareholders, directors, executive directors, managers/heads of departments, employees, etc.
- 1.2.** At the same time, the purpose of the corporate governance rules is to ensure transparency, efficiency and clarity in the manner in which the Company operates, both from an operational and an administrative perspective, while avoiding burdening the Company's activity with unnecessary bureaucratic measures. The functioning of the Board of Directors shall be reflected in a set of high corporate governance standards, an essential aspect that enables the management of the Company in accordance with the interests of all participants in its activity, enhances its attractiveness to potential investors and supports the achievement of the Company's long-term strategies.
- 1.3.** The Company's corporate governance system is based on the following principles:
- (i) ensuring the framework for the application of an effective corporate governance system, in line with the requirements applicable to the Romanian capital market;
  - (ii) protecting the rights of shareholders and potential investors and implementing a robust framework for the exercise of such rights;
  - (iii) fair treatment of shareholders, based on equality and transparency, in accordance with the provisions of MAR;
  - (iv) clearly defining the roles and responsibilities of the Company's shareholders and directors;
  - (v) clearly defining the roles and responsibilities of all other participants in the life of the Company (other than shareholders and directors);
  - (vi) ensuring transparency regarding the Company's activity, in particular with respect to its financial position, performance, shareholder structure and governance framework;
  - (vii) compliance with the provisions set out in the regulations issued by the Company for its proper organization and functioning, through its management bodies – including, but not limited to, the Company's organizational and operating regulations, procedures and policies, or other internal rules and standards.

## **2. CORPORATE GOVERNANCE STRUCTURES**

The relevant corporate governance structures within SAFETECH INNOVATIONS S.A. are:

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- (i) General Meeting of Shareholders;
- (ii) Board of Directors;
- (iii) Advisory committees of the Board of Directors
  - Nomination and Remuneration Committee
  - Risk and Audit Committee
- (iv) Chief Executive Officer;
- (v) Heads of divisions and departments;
- (vi) Key functions
  - Risk assessment and risk management
  - Internal audit;

SAFETECH INNOVATIONS S.A. is a company managed under a unitary system by a Board of Directors composed of 3 members.

The Board of Directors has delegated the management of the Company to a Chief Executive Officer, in accordance with the applicable legal and statutory provisions.

Reporting to the Chief Executive Officer are the Heads of Departments, whose role is to support the Chief Executive Officer in the executive management of the Company.

## **2.1. GENERAL MEETING OF SHAREHOLDERS**

The main governing body of the Company is the General Meeting of Shareholders.

### **2.1.1. Ordinary General Meeting of Shareholders**

The Ordinary General Meeting of Shareholders (hereinafter referred to as the "OGMS") has the following powers:

- a)** to discuss, approve or amend the Company's financial statements, based on the reports of the Board of Directors and of the Financial Auditor;
- b)** to decide on the allocation of the net profit earned and to determine dividends;
- c)** to elect and revoke the members of the Board of Directors;
- d)** to rule on the management of the Board of Directors, respectively of the executive management, based on their reports and on the financial audit report, and to approve the discharge of management, as the case may be;
- e)** to determine the remuneration due to the members of the Board of Directors for the current financial year;
- f)** to appoint or dismiss the Financial Auditor and to determine the minimum duration of the financial audit contract;
- g)** to approve the annual operating budget (OPEX), the investment budget (CAPEX) and the research and development budget (R&D), as applicable, as well



as the strategy and development plans for the following financial year, based on the recommendations of the Board of Directors;

- h)** to grant the Board of Directors special powers other than those expressly provided for in the Articles of Incorporation, or to delegate to it any other powers, within the limits of the law;
- i)** to decide on the pledging, leasing or dissolution of one or more units of the Company;
- j)** to decide on any other matters falling within its competence.

### **2.1.2. Extraordinary General Meeting of Shareholders**

The Extraordinary General Meeting of Shareholders (hereinafter referred to as the “**EGMS**”) adopts resolutions regarding:

- a)** the change of the Company’s legal form;
- b)** the relocation of the Company’s registered office;
- c)** the change of the Company’s object of activity;
- d)** the establishment or dissolution of secondary offices;
- e)** the extension of the Company’s duration;
- f)** the increase of the share capital;
- g)** the reduction or restoration of the share capital through the issuance of new shares;
- h)** the merger with other companies or the division of the Company;
- i)** the early dissolution of the Company;
- j)** the conversion of shares from one class into another;
- k)** the issuance of bonds;
- l)** the conversion of one class of bonds into another class or into shares;
- m)** any other amendment to the Articles of Incorporation or any other resolution for which the approval of the Extraordinary General Meeting of Shareholders is required;
- n)** the establishment of the main terms and conditions of legal acts concluded by the Board of Directors or by the Chief Executive Officer, in the name and on behalf of the Company, having as their object acts of acquisition, disposal, exchange or creation of security interests over assets classified as fixed assets of the Company, whose value exceeds, individually or cumulatively, during a financial year, 20% of the total fixed assets, excluding receivables;
- o)** the establishment of the main terms and conditions of lease agreements for tangible assets concluded for a period exceeding one year, whose individual or cumulative value vis-à-vis the same counterparty or persons involved or acting



in concert exceeds 20% of the total value of fixed assets, excluding receivables, at the date of conclusion of the legal act, as well as partnerships entered into for a period exceeding one year, exceeding the same threshold.

### **2.1.3. Rules for the Conduct of General Meeting of Shareholders' Meetings**

The General Meeting of Shareholders of the Company shall conduct its activity in accordance with the procedure set out in Annex 1 attached to these Regulations, subject to its approval by the shareholders through a resolution of the General Meeting of Shareholders.

## **2.2. BOARD OF DIRECTORS**

### **2.2.1. General provisions**

The Company is managed under a unitary system by a Board of Directors composed of three (3) members, elected by the OGMS, with the possibility of being re-elected for subsequent terms, as follows: two (2) Non-Executive Directors and one (1) Executive Director. At least two (2) directors are independent members.

- a)** The nomination of the members of the Board of Directors shall always be made based on the knowledge, competencies and relevant experience of the Proposed Persons. Such knowledge shall be assessed in relation to the Company's activity, but shall also include a variety of other competencies, such as accounting, legal, organizational, managerial, technical competencies, etc.
- b)** The Board of Directors, through the Nomination and Remuneration Committee, monitors the nomination process of candidates for membership on the Board. The Board of Directors has a Policy on the diversity of the Board and of the Executive Management and ensures that diversity requirements regarding gender, age, experience and skills are incorporated into the Nomination Policy. Within the Nomination Policy, the Board of Directors also defines the profile of the Board of Directors, specifying the desired characteristics and traits of its members, including factors such as independence, diversity, integrity, competencies and specific experience, industry knowledge, capacity and availability to dedicate adequate time and effort to the responsibilities of the Board of Directors, in the context of the needs of the Board and its Committees and of their strategic and supervisory role.
- c)** Independent members of the Board of Directors shall be appointed by the OGMS. Independent members of the Board of Directors shall submit a statement on their own responsibility, at the time of nomination for election or re-election, as well as whenever a change in their status occurs, indicating the elements on the basis of which they consider themselves to be independent in character and judgment, and subject to meeting the following independence criteria:
  - (i)** they are not a manager of the Company or of a company controlled by it and have not held such a position during the last five (5) years;



- (ii) they are not an employee of the Company or of a company controlled by it and have not had such an employment relationship during the last five (5) years;
- (iii) they do not receive and have not received from the Company or from a company controlled by it any additional remuneration or other benefits, other than those corresponding to their capacity as non-executive director;
- (iv) they are not a significant shareholder of the Company and do not represent and have not represented in any manner a significant shareholder of the Company during the previous year. The same applies to a shareholder controlling a significant shareholder of the Company;
- (v) they do not have and have not had during the last year any business relationships with the Company or with a company controlled by it, either personally or as partner, shareholder, director, manager or employee of a company having such relationships with the Company, which, by their substantial nature, could affect their objectivity;
- (vi) they are not and have not been during the last three (3) years a partner or employee of the current or former financial auditor of the Company or of a company controlled by it;
- (vii) they are not a manager in another company where a manager of the Company is a non-executive director;
- (viii) they have not been a non-executive director of the Company for more than three (3) terms (representing mandates granted by the General Meeting of Shareholders), but in any case not more than twelve (12) years;
- (ix) they have no family relationships with a person falling under any of the situations set out in points (i) and (iv) above; and
- (x) they have no family relationships with a person who:
  - is or has been during the last five (5) years a non-executive member of the Board or an employee of the Company;
  - has or has had during the last year a significant business relationship with the Company, either directly or as partner, shareholder, member of the board of directors or employee of an entity having such a relationship;
  - is or has been during the last three (3) years an external auditor (or an employee of the external auditor) of the Company;

The Nomination and Remuneration Committee determines whether the member(s) of the Board of Directors may be considered independent.

### **2.2.2. Role of the Board of Directors**

The role of the Board of Directors, in the context of the delegation of powers to the Chief Executive Officer, is to ensure the oversight of the manner in which the



Company is managed, while retaining only those essential components of its management powers, as set out in the Company's Articles of Incorporation, the remaining powers being delegated to the Chief Executive Officer.

The Board of Directors defines the strategic objectives of the Company and ensures that the financial and human resources necessary for the Company to achieve its objectives are in place, while retaining the authority to approve certain executive activities of major significance for the Company, such as, for example:

- (i) establishing the main terms and conditions for certain legal acts concluded by the Chief Executive Officer, having a value between a minimum of EUR 500,000 (five hundred thousand) and a maximum of EUR 2,000,000 (two million), or their equivalent in RON or other currencies;
- (ii) approving significant transactions with related parties.

The Board of Directors defines the values and standards of the Company and ensures that its obligations towards shareholders and other stakeholders are understood and fulfilled. The leadership exercised by the Chair of the Board of Directors is essential for achieving these objectives.

### **2.2.3. Powers of the Board of Directors**

The Board of Directors has the following duties and powers, which may not be delegated to the Chief Executive Officer and/or to other managers:

- a)** establishes the main directions of activity and development of the Company;
- b)** establishes the accounting policies and the financial control system and approves the financial planning;
- c)** appoints and revokes the Chief Executive Officer, as well as, where applicable, other managers within the meaning given by Law no. 31, determines their powers and responsibilities, as well as their remuneration within the limits approved by the General Meeting of Shareholders, and approves the management contracts to be concluded with them;
- d)** supervises the activity of the managers and represents the Company in its relations with them;
- e)** prepares the annual report, validates and signs the individual/consolidated financial statements of the Company before submitting them for approval to the General Meeting of Shareholders;
- f)** prepares the business plan, the operating budget (OPEX), the investment budget (CAPEX) and the research and development budget (R&D) for the following year and submits them for approval to the General Meeting of Shareholders;
- g)** convenes and organizes the General Meetings of Shareholders and carries out the resolutions adopted by the General Meetings of Shareholders, where applicable, and performs the duties delegated by the General Meeting of Shareholders;



- h)** files the application for the opening of insolvency proceedings against the Company;
- i)** approves the Rules of Organization and Operation of the Board of Directors;
- j)** approves significant transactions with related parties (i.e., any transfer of resources, services or obligations, regardless of whether or not it involves the payment of a price, whose individual or cumulative value represents more than 5% of the Company's net assets, according to the latest individual financial reports published by the Company);
- k)** establishes the main terms and conditions of the legal acts concluded by the Chief Executive Officer, in the name and on behalf of the Company, having as their object the opening/closing of current accounts with banking or non-banking financial institutions, credit/loan agreements, the access to or termination of any other banking and/or financing products of the Company with banking institutions, credit institutions and/or other banking or non-banking financial institutions, whose value ranges between a minimum of EUR 500,000 (five hundred thousand) and a maximum of EUR 2,000,000 (two million), or their equivalent in RON or other currencies
- l)** establishes, in compliance with Article 2.1.2., the main terms and conditions of the legal acts concluded by the Chief Executive Officer, in the name and on behalf of the Company, having as their object the guarantees granted by the Company, whose value ranges between a minimum of EUR 500,000 (five hundred thousand) and a maximum of EUR 2,000,000 (two million), or their equivalent in RON or other currencies, including for the purpose of guaranteeing financial obligations arising from the contracting of loans, through movable mortgages over all the Company's accounts, as requested/agreed by the financiers for the granting of loans. The authorization thus granted shall also be valid for the conclusion of any addenda for the amendment and/or supplementation of existing loans or loans to be contracted.

**m)** Other responsibilities:

The Board of Directors also has the following responsibilities:

- **in the field of risk management:**

- (i) establishing the risk typologies and the level of exposure accepted by the Company in order to achieve its strategic objectives (risk appetite), as well as ensuring the existence of clear structures, policies and procedures for the identification, assessment, reporting, management and monitoring of major or emerging risks – including those related to sustainability, cybersecurity and the use of digital technologies. The Board shall detail in the annual report the processes and mechanisms through which such risks are identified and managed;
- (ii) adopting a formal risk management policy, aimed at ensuring the correct, complete and timely identification, measurement and reporting of risks, the establishment of adequate and applicable risk control



measures, as well as the integration of environmental and social (E&S) risks into the overall risk management framework, in line with the Company's strategy;

- (iii) monitoring technological developments, in particular in the fields of IT and artificial intelligence, in order to anticipate and mitigate cybersecurity risks; the Board must dedicate sufficient time to analysing the risks and opportunities generated by AI and cybersecurity, in order to ensure that the level of cyber protection is adequate;
- (iv) establishing a specialized risk management function, responsible for the complete, accurate and timely identification of risks, the implementation of appropriate control measures and the monitoring of the risk management framework, with direct and functional reporting to the Board of Directors;
- (v) appointing and revoking the Chief Risk Officer (CRO), upon the recommendation of the Risk and Audit Committee;
- (vi) carrying out an annual assessment of the robustness and effectiveness of the risk management and internal control framework (including operational and compliance controls), and formulating the necessary recommendations. The assessment shall take into account the effectiveness of the internal audit function, the adequacy of risk management and compliance processes, any internal control reports required under applicable legislation, as well as the manner in which management addresses identified deficiencies. The Board shall present the General Meeting of Shareholders with a summary of this assessment, in accordance with the disclosure requirements included in the annual report.
- (vii) establishing and publishing on the Company's website, free of charge, a whistleblowing mechanism enabling employees and other stakeholders to report potential breaches or irregularities, in accordance with applicable legislation.

- **In the field of internal audit:**

- (i) ensuring that the internal audit function has the authority, resources and procedures necessary to support the Board of Directors in assessing the efficiency and effectiveness of the Company's risk management framework and internal control system;
- (ii) approving the Internal Audit Charter, a document which shall define, inter alia, the responsibilities and level of authority of the internal audit function, its structure and composition, remuneration arrangements, annual budget and main working procedures.

- **In the field of ESG:**

- (i) the Board of Directors is responsible for integrating sustainability,



environmental and social aspects into the Company's strategy and day-to-day activities, as well as into its risk management processes and remuneration framework;

- (ii)** the Board of Directors must ensure that the Company's activities comply with applicable national and international ESG standards, and that the ESG policies adopted reflect the Company's long-term objectives. To this end, the Company must have internal documents defining its responsibilities in the environmental and social fields, as well as policies and procedures for identifying relevant factors and assessing their impact on its activities;
- (iii)** where a decision submitted for approval by the Board of Directors may generate a significant and adverse ESG impact, executive management is required to provide the Board with either (i) an analysis of the decision's compliance with the Company's sustainability objectives and ESG policies, or (ii) a proposal of measures aimed at reducing or mitigating the potential negative ESG effects.

- **with regard to the Company's values:**

- (i)** the Board of Directors is responsible for defining the Company's purpose statement and vision statement, as well as for formulating the values that guide its activities, so that the Company's strategic direction is known and understood throughout the entire organization;
- (ii)** the Board of Directors must adopt a Code of Conduct applicable to members of the Board, executive management and employees, which shall include clear rules for the prevention and sanctioning of fraud and bribery. No exceptions from the ethical standards set out in the Code shall be permitted for any administrator, member of executive management or employee;
- (iii)** the Board of Directors must ensure that the principles and policies set out in the Code of Conduct are integrated into the Company's processes and practices, including the onboarding programme for new employees. The Board is also required to oversee the implementation of the Code, monitor compliance therewith, and periodically review it to reflect relevant developments.

#### **2.2.4. Role of the Chairman of the Board of Directors**

The Chairman of the Board of Directors creates the necessary conditions to ensure the effectiveness of the Board of Directors as a whole and of each Administrator, by fulfilling the following duties:

- a)** coordinates the activity of the Board of Directors;
- b)** oversees the functioning of the Company's corporate bodies;
- c)** convenes meetings of the Board of Directors, sets the agenda, oversees the proper transmission of information to the members of the Board of Directors



regarding the items included on the agenda of the meetings, chairs the meetings and ensures that minutes of such meetings are drawn up;

- d)** ensures that meetings of the Board of Directors are conducted in an efficient and effective manner, that the agenda of the Board of Directors' meetings is properly observed, and that the Board of Directors' decision-making processes are effective, with matters of major importance being adequately debated and challenged;
- e)** ensures that the Board of Directors determines the nature and extent of the major risks that the Company is willing to assume in implementing its strategy;
- f)** chairs meetings of the Board of Directors with shareholders and other key persons of the Company;
- g)** ensures effective communication with Shareholders and other stakeholders;
- h)** ensures that the Board of Directors receives accurate, timely, useful and concise information, enabling it to make sound decisions;
- i)** ensures that the Board of Directors has sufficient time for consultation and decision-making;
- j)** enables the proper functioning of the committees and ensures effective communication with the committees of the Board of Directors, including the provision of timely and relevant reports from the committees to the full Board;
- k)** ensures that the performance of the Board of Directors is evaluated and discussed at least once a year and disclosed publicly in accordance with provision D.1., item 3 of the BVB Corporate Governance Code;
- l)** ensures that the Board of Directors maintains an appropriate working relationship with executive management. The Chief Executive Officer and the Chairman of the Board of Directors (where these roles are held by different persons) meet on a regular basis;
- m)** addresses and manages internal disputes and conflicts of interest concerning members of the Board of Directors.

### **2.2.5. Secretary of the Board of Directors**

The Secretary of the Board of Directors is appointed by the Board of Directors from among its members or from outside the Board of Directors. The Secretary shall support the activity of the Board of Directors and ensure compliance with corporate governance rules.

The Secretary of the Board of Directors must enjoy the confidence of all Administrators, in particular that of the Chairman of the Board of Directors.

### **2.2.6. Role of the Secretary of the Board of Directors**

The role of the Secretary of the Board of Directors is set out in the Regulation of the Board of Directors, included as Annex 2 to these Regulations.

### **2.2.7. Committees of the Board of Directors**

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The Board of Directors may establish permanent or ad-hoc advisory committees to assist it in the performance of its duties and shall be responsible for appointing the members and defining the responsibilities of such committees.

The advisory committees may be composed of at least two members of the Board of Directors, and at least one member of each advisory committee must be an independent Non-Executive Administrator.

The Board of Directors has established two specialized advisory committees, composed of Non-Executive Administrators, the majority of whose members are independent:

- Nomination and Remuneration Committee; and
- Risk and Audit Committee.

The main responsibilities of the Nomination and Remuneration Committee and, respectively, of the Risk and Audit Committee are set out in the terms of reference applicable to each such committee, as approved by the Board of Directors and published on the Company's Website.

#### **2.2.8. Internal Regulations of the Board of Directors**

The Board of Directors carries out its activity in accordance with the general rules set out in Annex 2 to these Regulations.

### **2.3. EXECUTIVE MANAGEMENT**

#### **2.3.1. General matters. Chief Executive Officer**

The executive management of the Company is ensured by the Company's Chief Executive Officer (CEO), in accordance with the powers granted to him/her by the Board of Directors. Where the Board of Directors appoints other executive managers in addition to the Chief Executive Officer, certain powers may be delegated to such managers.

The executive managers exercise their duties on the basis of a mandate agreement concluded with the Company and are responsible for the overall executive management and the day-to-day operations of the Company, in accordance with the strategy approved at Company level, the Company's Articles of Incorporation, and within the limits established by the resolutions of the Board of Directors.

The Chief Executive Officer is authorized, empowered, and appointed to represent the Company in its relations with third parties, with full powers and authority, always subject to compliance with the powers reserved exclusively to the Board of Directors and/or the General Meeting of Shareholders.

The main duties of the Chief Executive Officer are the following:

- a) represents and commits the Company in relations with third parties;
- b) adopts any other decisions regarding the Company's day-to-day activity;
- c) implements the resolutions of the OGMS and EGMS and the decisions of the Board of Directors, adopted in accordance with their reserved powers;

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- d)** approves the leasing of tangible assets, as well as associations/joint ventures, subject to the prior approval of the principal contractual terms and conditions by the Extraordinary General Meeting of Shareholders (Section 2.1.2 letter (o) above), in the cases provided by law and by the Articles of Incorporation;
- e)** oversees the Company's business performance, ensuring that the Company complies with the approved strategy;
- f)** decides on the establishment or dissolution of secondary offices: branches, agencies, representative offices, or other similar units without legal personality;
- g)** oversees the preparation of the strategy, multi-year business plans, and annual budgets of the Company and their submission to the Board of Directors for review and validation;
- h)** coordinates an efficient and motivated executive management team within the Company and appropriately delegates authority and responsibilities to key members of the executive management team;
- i)** recommends to the Board of Directors any significant changes to the Company's organizational structure;
- j)** approves capital and operating expenditures for projects and initiatives approved by the Board of Directors;
- k)** concludes any type of commercial or civil contracts necessary for the achievement of the Company's object of activity, within the limits of the law and the Articles of Incorporation;
- l)** resolves any other matters related to the operational management of the Company;
- m)** coordinates the executive managers and the executive management team, including by setting priorities and defining the actions to be undertaken, in order to achieve the Company's overall objectives and those established by the Board of Directors for the executive managers. In this respect, the other executive managers shall report, upon request, to the Chief Executive Officer on the performance of their duties related to the management of the Company;
- n)** prepares proposals regarding the appointment and revocation of members of the boards of directors of the Company's subsidiaries; and
- o)** performs any other task delegated to him/her by the Board of Directors.

### **3. INTERNAL AUDIT**

At Company level, the internal audit activity is organized in accordance with the applicable legal provisions and the standards issued by the Chamber of Financial Auditors of Romania, having the mission to assess whether the Company's risk management, compliance, and governance systems, as designed and implemented by management, operate adequately so as to ensure that:

- a)** risks are properly identified and managed;



- b)** communication and interaction with the Company's management and governance bodies take place whenever necessary;
- c)** financial and operational information is appropriate, complete, faithfully represents transactions and economic events, and is provided in a timely manner to the persons responsible for using such information in operational, administrative, and compliance-related decision-making;
- d)** the Company's strategy, plans, and activity programs are implemented and achieved;
- e)** staff activities are carried out in compliance with internal policies and procedures, as well as with the legislative requirements applicable to the Company's field of activity;
- f)** resources are used efficiently and are adequately safeguarded;
- g)** the Company's compliance system is based on the principle of quality and continuous improvement, achieved through periodic review of procedures and operational workflows, analysis of actual results compared to the business plan, and periodic assessment of the competence and performance of human resources;
- h)** legislative and regulatory changes are addressed promptly and their impact is analyzed at Company level, in order to implement the resulting requirements.

In accordance with the Company's internal procedures, the internal audit activity is outsourced. The internal audit services agreement is approved by the Board of Directors.

The internal auditor is accountable to the Board of Directors and to the Audit and Risk Committee for:

- a)** preparing an annual assessment of the effectiveness of the compliance and risk management systems in the areas covered by the planned audit missions;
- b)** reporting deficiencies and/or significant issues identified during audit missions related to organizational structure, compliance, and risk management;
- c)** including in the audit reports recommendations for the remediation and/or improvement of workflows and processes;
- d)** providing periodic information regarding the status and level of completion of the missions included in the annual audit plan, as well as an assessment of the adequacy of the resources allocated to the internal audit activity;
- e)** coordinating, as appropriate, the review of the activities of other monitoring and control functions – risk management and compliance.

Through its activities, internal audit monitors the implementation of internal control procedures, risk management procedures, and, not least, governance processes.

Responsibilities of the Internal Auditor:

- a)** ensuring that the internal audit activity is carried out in accordance with the

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International Standards for the Professional Practice of Internal Auditing adopted by the Chamber of Financial Auditors of Romania and that the provisions of the Code of Ethics of the profession are respected;

- b)** developing and maintaining a quality assurance and improvement program for the internal audit activity;
- c)** preparing the audit plan based on a risk assessment and submitting it for approval to the Board of Directors and the Audit and Risk Committee. The audit plan may also take into account specific investigation and control requests from the Audit and Risk Committee and the Board of Directors. The audit plan must include the objectives, timelines, and frequency of audit engagements;
- d)** requesting the support of external experts/consultants (if necessary and subject to prior approval by the Board of Directors) for the performance of specific activities, in order to ensure that appropriate technical skills are available for each line of activity and support function;
- e)** evaluating significant transactions and operations, as well as control activities related to new or modified processes, during their development, implementation, and stabilization phases;
- f)** reporting structural deficiencies within operational workflows, control processes, and formally documented internal procedures, recommending relevant solutions and monitoring their implementation;
- g)** issuing internal audit reports within the established deadlines, identifying deficiencies for each audit engagement and including suggestions and recommendations for the identified deficiencies. Internal audit reports shall be submitted to the Company's management, the Audit and Risk Committee, and the Board of Directors;
- h)** periodically monitoring the implementation of recommendations;
- i)** monitoring the consistency of activities performed in accordance with the Audit Plan, identifying any deviations and proposing corrective measures; and
- j)** communicating directly and on its own initiative to the Board of Directors the occurrence of unusual and potentially dangerous situations for the management of the Company, signaling procedural deficiencies, material errors, and the emergence of imminent risk situations.

#### **4. STATUTORY AUDIT**

The Company's financial statements shall be audited by statutory auditors, whether natural persons or legal entities, who are active members of the Chamber of Financial Auditors of Romania (CAFR), authorized by the Public Oversight Authority for the Statutory Audit Activity (ASPAAS), and registered in the Electronic Public Register of Financial Auditors and Audit Firms, in accordance with the applicable legal provisions.

Audit Reports



- a) the statutory auditors shall submit to the Audit and Risk Committee an audit report and an additional report. Each of these reports shall be subject to a quality control review prior to publication;
- b) the audit report, drafted in clear and unambiguous language, shall describe, inter alia, the most significant risks identified, the auditor's responses to those risks, as well as the key observations;
- c) the additional report shall provide the Audit and Risk Committee with more detailed information, such as a description of the scope and timetable of the audit and the methodology applied.

The statutory auditor shall prepare the audit report on the annual financial statements, expressing an audit opinion as to whether the annual financial statements present a true and fair view of the financial position, financial performance, and other information related to the Company's activities, in accordance with the International Standards on Auditing (ISA) and the professional standards issued by the Chamber of Financial Auditors of Romania.

The statutory auditor's reports shall be submitted to the General Meeting of Shareholders and shall be published together with the Company's annual financial statements. The Ordinary General Meeting of Shareholders may not approve the annual financial statements unless they are accompanied by the statutory auditor's report.

## **5. SHAREHOLDERS' RIGHTS**

The Company shall respect and protect the rights and legitimate interests of its Shareholders. The Company shall make all reasonable efforts to facilitate the exercise of the rights held by Shareholders in their relationship with the Company.

Subject to the applicable law and the Articles of Incorporation, each Shareholder shall have the following rights:

- a) to attend the meetings of the General Meeting of Shareholders;
- b) to obtain information on the Company's activities, including the information necessary for the exercise of voting rights, as well as information regarding the results of voting in the General Meeting of Shareholders;
- c) to vote in the General Meeting of Shareholders;
- d) to receive payment of the dividends to which they are entitled;
- e) preference rights to subscribe for newly issued shares;
- f) to be treated equally with the other Shareholders;
- g) any other rights provided for by law or by the Articles of Incorporation.

Shareholders shall exercise their rights in good faith and in compliance with the rights and legitimate interests of the Company and of the other Shareholders.

## **6. DIVIDEND DISTRIBUTION POLICY**

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The Company applies a policy regarding the annual distribution of dividends or other benefits to its Shareholders, proposed and adopted by the Company's governing bodies, in the form of a set of guidelines followed by the Company with respect to the distribution of net profit. The principles of the annual distribution policy applicable to Shareholders are published on the Company's Website.

## **7. TRANSPARENCY AND REPORTING**

The Company is an issuer admitted to trading and complies with the disclosure requirements imposed by the Capital Markets Legislation.

The Company prepares and reports relevant periodic and ongoing information in accordance with Law no. 24/2017, Regulation no. 5/2018, and MAR.

The Company establishes and implements internal procedures and policies to ensure the proper conduct of relations with investors and with the authorities competent in the capital markets.

Investor relations services are provided by a specialized consulting firm.

In addition to the information required by applicable legal provisions, the Company has dedicated an Investor Relations section on its Website, available in Romanian and English, containing all relevant information of interest to investors, including:

- a)** the main corporate governance documents, namely: the Articles of Incorporation, this Regulation, the procedures regarding the General Meetings of Shareholders, the internal regulations of the Board Committees, etc.;
- b)** the list of the current members of the Board of Directors, the Board Committees, and the Executive Management, indicating their current independence status, professional CVs (containing at least: first name, last name, gender, nationality, age; professional experience by years, position and company; education, field of study and the academic or professional institution awarding the degree), other professional commitments, including executive and non-executive positions held on boards of directors of companies, non-profit organizations and public institutions; any relationship with shareholders holding at least 5% of the voting rights / issued shares of the Company; the duration of the appointment of the members of the Board of Directors, the Committees and the Executive Management, indicating the date of appointment;
- c)** current reports and periodic reports (quarterly, semi-annual and annual);
- d)** information regarding the General Meetings of Shareholders, including: the agenda, supporting materials and adopted resolutions, the GMS procedure and the Board of Directors Nomination Policy, together with the professional CVs of the candidates; the channels through which shareholders may submit questions to the Company; the responses provided to shareholders regarding the items on the agenda; declarations of independence of persons proposed for the position of Board member, as well as the assessments carried out by the Nomination and Remuneration Committee or by the Board of Directors regarding such candidates, including assessments of compliance with



independence criteria;

The professional CVs of candidates for the position of Board member must include at least: first name, last name, gender, nationality, age; professional experience by years, position and company; education, field of study and the academic or professional institution awarding the degree; professional commitments and involvements, including executive and non-executive roles in companies, public authorities, non-profit organizations and other entities; any existing or potential conflicts of interest, including business, family or other relationships that could affect their performance as Board members; and the shareholder or Board member who proposed each candidate for election to the Board of Directors;

- e)** information regarding the evaluation of the Board of Directors carried out by the Nomination and Remuneration Committee, including the criteria used, the stages of the evaluation process, as well as a summary of the conclusions and the measures adopted or planned following the evaluation
- f)** information regarding corporate events, such as dividend payments and other distributions to Shareholders, or other events leading to the acquisition or limitation of Shareholder rights, including relevant deadlines and the principles applied to such operations;
- g)** the name and contact details of a person who may provide relevant information upon request;
- h)** Company presentations (e.g. investor presentations, quarterly results presentations), financial statements (quarterly, semi-annual, annual), audit reports and annual reports;
- i)** corporate policies, including the Code of Conduct, Dividend Policy, Remuneration Policy, Forecast Policy, Investor Communication Policy, Corporate Social Responsibility (CSR) / Sponsorship Policy, Related Party Transactions Policy, Diversity, Equity and Inclusion Policy, and the Whistleblowing Policy (if not already included in the Code of Conduct).

Shareholders may submit their requests to the Company, addressed to the Board of Directors, and the personnel designated by the Board of Directors shall ensure that a formal response is provided in a timely manner.

The Company ensures that its Shareholders have access to relevant information so that they may exercise all their rights in a fair and equitable manner.

The Company is required to organize at least two meetings or conference calls with analysts and investors each year. The information presented during such meetings or conference calls shall be published on the Company's Website, in the dedicated Investor Relations section, at the same time as the meetings or conference calls take place.

Furthermore, the Company must publish significant and reportable information regarding non-financial and sustainability matters, with a focus on environmental, social and governance (ESG) elements relevant to its business and operations, in



accordance with a recognized sustainability reporting standard. Sustainability statements shall be made available on the Company's Website.

## **8. RELATIONSHIP WITH STAKEHOLDERS**

### **8.1. Relationship with Employees and Organizations Representing Employees' Interests**

The Company's relationship with its Employees is based on dialogue, respect, and professionalism. The human resources policies developed by the Company emphasize the development of Employees' professional and personal skills and the maintenance of a positive social climate that encourages diversity and the expression of the talents of all Employees, with a view to achieving the Company's shared objectives. Employees are encouraged to communicate, in confidence, any concerns regarding the governance and management framework of the Company's activities. The Board of Directors must ensure that the Company has a formal process for identifying its stakeholders, including investors, creditors, customers, employees, and suppliers, as well as appropriate mechanisms for engaging with those stakeholders deemed to be a priority.

### **8.2. Relationship with Affiliates**

As a listed company, the Company pays particular attention to its relationships with its Affiliates, especially with respect to its obligations to report significant transactions with affiliates, in accordance with Law no. 24/2017.

### **8.3. Relationship with Business Partners**

In its relationship with business partners, the Company shall act primarily to:

- a)** build and maintain a reputation as a reliable, fair, ethical, and competent partner;
- b)** conduct its activities in accordance with the highest standards of professionalism, with a view to meeting the interests and expectations of its business partners;
- c)** respect the industrial and intellectual property rights of its business partners;
- d)** refrain from engaging in anti-competitive practices or acts of unfair competition;
- e)** use the Company's resources in conditions of economy, effectiveness, and efficiency;
- f)** select business partners based on transparent and non-discriminatory criteria;
- g)** implement, maintain, and continuously develop a quality management system.

### **8.4. Relationship with Authorities**

The Company's relationship with public authorities is governed by the following principles:

- a)** compliance with all applicable legal regulations and the conduct of activities in



accordance with the authorizations granted by the authorities;

- b)** cooperation with public authorities with a view to improving the legal framework and developing strategies and policies for the sectors in which the Company operates;
- c)** adherence to ethical principles in dealings with public authorities;
- d)** ensuring the necessary framework for the exchange of information between the Company and public authorities, in compliance with applicable law.

## **9. ANNEXES**

This Regulation includes the following annexes:

**Annex 1** – Procedure regarding the General Meetings of Shareholders;

**Annex 2** – Internal Rules of the Board of Directors.