

**PROCEDURE ON THE POLICY AND PRACTICE
FOR APPOINTMENT OF THE MEMBERS TO THE BOARD OF DIRECTORS
ADOPTED BY IMPACT DEVELOPER & CONTRACTOR SA**

Approved,

Board of Directors

Chairman Iuliana Mihaela Urda

Date [to be inserted]

**PROCEDURE ON THE POLICY AND PRACTICE
FOR APPOINTMENT OF THE MEMBERS TO THE BOARD OF DIRECTORS**

1. Preamble

- 1.1. The present procedure on the policy and practice for appointment of the members of the Board of Directors (“**the Policy**”) of the Company Impact Developer & Contractor SA (“**the Company**”) is part of the Regulations of the Board of Directors of the Company (“**The Board**”) and was elaborated in compliance with the provisions of the Code of Corporate Governance of the Bucharest Stock Exchange (“**BVB**”), the Edition of 11 September 2015, and of Regulation no. 2/2016 regarding the application of corporate governance principles by entities authorized, regulated and supervised by the Financial Supervisory Authority („**ASF Regulation no. 2/2016**”).
 - 1.2. The Board may fulfill its management and control responsibilities only if its members have the adequate knowledge, abilities and experience. These are often related to the activity of the company, but they must also include other various abilities, such as accounting, legal or organizational abilities.
 - 1.3. The Board must include a various range of personalities, characters, abilities and experiences in order to perform a successful activity. Varied and diverse boards have greater chances of being efficient boards, more capable of understanding clients and shareholders and to benefit from fresh perspectives, new ideas, real challenges and a wide variety of experiences. In turn, such lead to taking and implementing better decisions.
- 2. The main purposes of the present Policy are:**
- (i) to ensure transparency and efficiency in the process of selecting the Board members;
 - (ii) to prepare and recommend the guidelines for the selection of the Board members, including criteria for evaluating their independence;
 - (iii) to establish the adequate mechanisms and systems for evaluating the mix of relevant abilities, visions, competences, knowledge, qualifications and experience, relative to the Company’s objectives.
- 3. The fundamental principle** underlying the present Policy is to ensure the proper balance in respect of the structure, experience, gender diversity, knowledge and

independence of the members, in order to enable them to effectively perform their duties and responsibilities. Upon the appointment of the directors, the Board must take into consideration criteria such as diversity, as well as challenge.

4. Any essential amendments to the appointment policy shall be published in a timely manner on the webpage of the Company.

5. **Conditions Regarding the Structure of the Board:**

- (i) at least one of the directors must have economic studies and an experience of at least 5 years in the economic, accounting, audit or financial fields;
- (ii) it is not possible for a person to be at the same time appointed Chairman of the Board of Directors and manager within the Company;
- (iii) the Board shall be composed of 5 members, whose mandate is of 4 (four) years, with a possibility for extension, with the exception of situations provided by law or by the Articles of Association of the Company;
- (iv) the majority of the Board members shall be non-executive directors, being any members of the Board who are not fulltime employees of the Company, who do not receive additional remuneration or other advantages such as in-kind benefits from the Company or from a company controlled by it and who are not involved in the current operations of the Company;
- (v) taking into account the fact that the Company belongs to the Premium Tier, at least two directors shall be **independent non-executive directors**, who are not involved in any relation which might affect their capacity of taking decisions in an independent manner;
- (vi) at least one of the directors must have economic studies and an experience of at least 5 years in the economic, accounting, audit or financial fields.

6. **Criteria for Determining the Independence of Directors**

6.1 The independent non-executive director must meet the following criteria:

- (i) not to hold the position of General Manager/Executive Manager of the Company or of a company controlled by it and not to have held such position during the last 5 (five) years;
- (ii) not to be an employee of the Company or of a company controlled by it and not to have held this capacity during the last 5 (five) years;

- (iii) not to receive and not to have received additional remuneration or other advantages from the Company or from a company controlled by it, except for those corresponding to the position of non-executive director;
 - (iv) not to hold the position of General Manager/Executive Manager of another company in which a General Manager/Executive Manager of the Company holds the position of non-executive director;
 - (v) not to have and not to have had during the previous year a professional or business relationship with the Company or with a company controlled by it, either directly or as a partner, shareholder, client, member of the Board of Directors/Director, General Manager/Executive Manager or employee of a company having such a relationship if, by its substantial character, such relationship could affect his/her objectivity;
 - (vi) not to have held the capacity of non-executive director of a company for more than three mandates;
 - (vii) not to be or not to represent a majority or significant shareholder of the Company, who controls over 10% of the voting rights;
 - (viii) not to have family ties with a person in the situations referred to at items (i) and (vii) above;
 - (ix) not to be and not to have been, during the last 3 years, the external or internal auditor or a partner or salaried associate of the current external or internal financial auditor of the Company or of a company controlled by it;
 - (x) other relatively permanent professional commitments and engagements of a Board member, including executive and non-executive Board positions in companies and nonprofit institutions, shall be disclosed to shareholders and potential investors prior to appointment and during the mandate.
- 6.2 Each independent member of the Board shall submit a declaration at the moment of his/her nomination in view of election or reelection, as well as whenever any change in his/her status occurs, by indicating the elements based on which he/she is considered to be independent in terms of his/her character and judgment and taking the criteria under item 6.1. into consideration.
- 6.3 In case a director considers that he/she is independent, despite the existence of certain relationships or circumstances provided under item 6.2 above, he/she must provide

arguments in support of his/her affirmation. In this case, the Nomination Committee (“**the Committee**”) shall analyze the arguments provided by the respective director and shall draft a report to be submitted for analysis to the Board, which shall decide accordingly.

7. Guidelines on Appointment

7.1. The Chairman of the Board shall recommend a candidate for the position of member of the Board, in compliance with the guidelines provided under this article. Should the Board accept the recommendation, the General Meeting of the Shareholders shall be informed of this candidate in view of his approval.

7.2. The candidates shall be appointed in such a manner that the overall expertise and skills of the Board correspond to the strategic needs of the Company.

7.3. The Board members shall possess at least the following abilities:

- (i) sound judgment for business: considerable trading and professional experience, ensuring the strategic judgment and a sound understanding of the manner in which organizations operate;
- (ii) expertise in the accounting, audit and risk fields: at least one Director shall have accounting and audit knowledge. In addition, at least one Director shall have solid knowledge and experience in the field of risk management and internal control, having the necessary skills for leading discussions with the Board in respect of risks;
- (iii) understanding of the market on which the Company operates: good understanding of the constructions and real estate market on which the Company operates and of the Company’s clients.

7.4. Individual Qualification Criteria for Appointed Candidates:

7.4.1 At the same time, each candidate must meet the following criteria:

- (i) the candidate proves a strong commitment to the vision and strategic objectives of the Company;
- (ii) the professional course of the candidate indicates the fact that he/she has permanently adhered to the highest ethical standards, that he/she had an adequate conduct, that he/she enjoys a good reputation and he/she has not perpetrated any crime, fraud or financial error;

- (iii) the candidate proves determination, moral integrity and intellectual capacity in order to challenge the actions of the executive management whenever necessary, at the same time acting in a constructive manner and in line with the concepts of trust and teamwork;
- (iv) the candidate has experience in management positions, proving a good understanding of the concept of corporate governance and of the responsibilities specific to directors.

8. Balanced Structure of the Board

8.1. Executive and Non-Executive Directors

8.1.1. The executive directors are the members of the unitary Boards who, in their executive capacity, are responsible for the performance of current activities and for the executive management of the company. They have the same responsibilities as other members of the Board. Whenever they are involved in the activities of the Board, these duties and responsibilities are extended to the entire activity, not only to the area covered by their individual executive roles. In their capacity as members of the Board, they are directly responsible to the shareholders and their contribution to the activity of the Board must be frequently assessed.

8.1.2. The executive management is responsible for the management and satisfactory performance of the Company's activities, including the implementation of policies, strategies and the achievement of objectives.

8.1.3. In order to fulfill its attributions and responsibilities, the executive management acts within the scope of a well-structured framework, with specific, clearly defined objectives and in compliance with the legislation applicable to the Company.

8.2. Non-Executive Directors

A non-executive director is a member of the Board who is not involved in the current executive management of the company. This means that a non-executive manager may provide a creative contribution to the Board, by objective criticism and by playing a valuable role in monitoring the executive management.

8.3. Independence of Non-Executive Directors

The Board effectively represents the overall interests of the company. In line with independence, they may be objective and may assess the performance and economic interests of the company without being in a conflict of interest and without being influenced by the interested parties.

Only non-executive directors may be considered independent.

8.4. Regular Changes to the Board Structure

These changes are intended to favor the development of independent and innovative thinking. The boards which follow the best practices aim at ensuring a balance between the experience and the level of knowledge of the company and the fresh vision which the new directors may bring.

9. Selection Procedure

9.1. Conditions for participation to the selection procedure:

- (i) knowledge of Romanian and English (written and spoken);
- (ii) full capacity of exercise;
- (iii) a health condition adequate to the position for which he/she runs, ascertained by medical documents;
- (iv) not to have been convicted for fraudulent administration, abuse of trust, forgery, use of forgery, fraud, peculation, false testimony, bribe giving or taking, for crimes provided by the Law on the prevention and sanctioning of money laundering, as well as on setting up certain measures for preventing and fighting against terrorism financing, such as further amended and supplemented, for crimes provided by art. 143-145 of Law no. 85/2014 on the insolvency procedure, such as further amended and supplemented.
- (v) experience in the activity of administration/management of certain companies having similar areas of activity as the Company;
- (vi) knowledge of the legislation on trading companies, of the legislation on capital markets and of any relevant regulations, as well as of corporate governance;
- (vii) knowledge of the normative deed on the organization and operation of the Company;

9.2. Selection Stages:

- (i) a notice shall be published, including the minimum requirements which the natural/legal entity must meet in order to hold the capacity of director of the Company;
- (ii) the nominations shall be submitted at the Company headquarters, to the Company

email address or by fax, within a maximum [30] days as of publication of the notice and shall be analyzed by the Committee within maximum 20 days as of submission of nominations, with the possibility to extend or reduce the term depending upon the number of submitted nominations;

- (iii) the selection of the nomination files shall be performed in compliance with the provisions above, taking into consideration inclusively the principle of nondiscrimination irrespective of the reason;
- (iv) the assessment results shall be presented to the Board by the Committee, under the form of recommendations, and the Board shall submit for debate to the Ordinary General Meeting of Shareholders the appointment of the person who is to become a director.

10. Amendment of Policies

- 10.1. The present Appointment Policies and practices may be amended through resolution of the Board.
- 10.2. Based on the results of the Company's activities and of the implementation of the Appointment Policies and practices, the Chairman of the Board shall determine the schedule and the frequency of meeting in which the debate, amendment and, as the case may be, adoption of new or amended policies is in order.
- 10.3. Such evaluation will be performed by the Chairman of the Board at least once per quarter of the year.
- 10.4. Furthermore, the Board may rule on the amendment of the Policies whenever necessary, as requested by one of its members or by a Company executive.
- 10.5. The amendment of policies and practices shall be performed through a resolution adopted by mutual consent within the Board, in compliance with the Regulations of the Board of Directors.

The Present Policy shall be accordingly consolidated with the provisions of the Regulations of the Committee and shall be updated, reanalyzed and reviewed on a regular basis by the Board of Directors of the Company.

In case of any disagreements between the present policy and the Regulations of the Committee and/or the Regulations of the Company and/or other normative deeds, the latter shall prevail.