



IAR Systems Group AB

Sustainability Policy

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Introduction

IAR is the world's leading provider of embedded development solutions for programming processors in embedded systems and advanced security solutions focusing on the Internet of Things (IoT). IAR provides the solutions required to create the necessary security and assured quality in the development of the digital products of today and the innovations of tomorrow. Our products are used by many of the world's largest corporations as well as thousands of small and medium-sized compa-

nies in a range of industries, such as the automotive industry, industrial automation, medical technology, consumer electronics and IoT. I.A.R. Systems Group AB is listed on the Mid Cap list of Nasdaq Stockholm under the ticker symbol IAR B.

I.A.R. Systems Group's sustainability agenda includes four primary areas: corporate governance, social sustainability, environmental sustainability, and financial sustainability.

Corporate governance

IAR's ability to successfully deliver on its strategic cornerstones rests firmly on the company's commitment to the priorities of environmental, social, and corporate governance (ESG). Based on this policy, the Group's management team reviews the focused ESG topics, developed according to the "double materiality" assessment by the internal ESG committee, in preparation for its bud. It provides directives to each business unit responsible for developing its own activities. While to be carried out in the coming year, these activities are then approved by the Group's

management team and presented to the company's Board in connection with the budget meeting. The activities are then carried out in each business unit over the coming year, and their results are presented in the IAR annual report.

Corporate governance includes guiding and monitoring all IAR business units' business and social activities. We require all our employees, business partners, and supply chain to operate in accordance with the principles in our Code of Conduct to comply fully with all applicable laws and regulations.

Social sustainability



Social sustainability includes customer responsibility, employee responsibility, and product responsibility.

Customer responsibility

We are dedicated to providing superior technology and services that make it possible for our customers to create the products of today and the innovations of tomorrow. We aim to make it possible for our customers to create the best possible products with our tools. We do this by offering:

- Superior technology – to enable the best possible product development

- Future-proof product development – to meet the needs of the future by developing together with the customers
- A committed team knowledge base – to help the customer be an expert

Employee responsibility

We strongly value and rely on our passionate employees and strive to practice our corporate culture, improve the work environment, and encourage everyone to contribute their best performance and creative ideas. Our work environment committee, comprised of employee representatives, holds regular quar-

terly meetings to monitor employee satisfaction and compliance with laws, regulations, and organizational requirements.

Our offering to employees includes:

- stimulating work assignments with high-level technical problem-solving.
- working in a committed, global team with a strong focus on collaboration between offices, departments, and countries.
- a warm, generous, open, enriching, and down-to-earth culture that helps to build a long-term sustainable workplace.
- a positive working environment that encourages good health, safety, and professional development and supports good physical and mental health.
- an employment contract that is competitive, a work climate based on respect for each other, and the pride in each employee's competence and contribution to the big picture.

- expectations that each employee will take responsibility and help the team reach its goals and that each partnership's contribution to the whole will be more than just the sum of its parts.

Product responsibility

Our products are the foundation of our operations. They form our culture and our passion for technology innovation and quality. We continue to provide more competitive products and solutions— embedded development solutions (EDS) and embedded security solutions (ESS)—to support customers' development paradigms and high code quality, functional safety and security demands. We have established cooperative solid relationships with leading industry partners and are strengthening our partnerships in emerging ecosystems.

Environmental sustainability



We follow environmental regulations, laws, and other codes of practice and make continuous efforts to improve our environmental performance. We are also implementing changes that will set us on the road to reaching net zero emissions in line with the UN's Sustainable Development Goals (SDG). As a software services company, our activities have a very low direct impact on greenhouse gas (GHG) emissions. Instead, we add focus on the environmental issues that we can impact in practice and on minimizing our environmental footprint through targeted programs.

Our environmental sustainability includes:

- providing responsible technology embedded in our products to help our customers develop applications with less power consumption, more efficient performance and extended product longevity, reducing environmental impact.

- providing products fully compliant with applicable environmental and safety regulations or directives to minimize waste and use of hazardous substances.
- reducing the GHG emissions of our own business (operations), in scope 2 and 3, by prioritizing sustainable alternatives when choosing suppliers, minimizing product packaging material and resource usage, optimizing product transportation and business travel.
- continuing our circularity support through the IAR Green Innovation Program, allowing eligible organizations to easily access our products for their innovations in renewable energy and clean-tech.

Financial Sustainability



Our business model secures financial sustainability, our customer offering and our ability to provide the company and our owners with a long-term stable cash flow. Together, this enables us to take a long-term approach. Our license-based business

model with annual renewals of support and update services ensures a secure offering for customers and simultaneously gives us a stable and predictable cash flow through recurring income.

Summary

This policy applies to all employees and operations in I.A.R. Systems Group AB. The CEO is responsible for the Sustainability Policy and regularly reviewing and communicating the policy. The Board of Directors approved this updated Sustainability Policy on August 16, 2023.

IAR provides world-leading software and services for embedded development, empowering companies globally to bring secure products that shape the future. Since its founding in 1983, our solutions have been instrumental in ensuring quality, security, reliability, and efficiency in developing over one million embedded applications for a wide range of industries, including industrial automation, IoT, automotive, and medical sectors. With support for 15,000 devices from over 70 semiconductor partners, we are dedicated to fostering innovation and enabling our customers' success.

Headquartered in Uppsala, Sweden, with a global presence of sales and support offices strategically located across the world. IAR is an I.A.R. Systems Group AB subsidiary, listed on NASDAQ OMX Stockholm, Mid Cap (ticker symbol: IAR B).

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