

ANNUAL REPORT 2021
OF THE NOMINATION AND REMUNERATION COMMITTEE OF THE BOARD OF
DIRECTORS OF IAR S.A.

This report is prepared in accordance with the provisions of Article 92² of Law no. 24/2017 on issuers of financial instruments and market operations, as subsequently amended and supplemented, and of Article II, paragraph (2) of Law no. implementing Regulation (EU) 2017 / 2.402 of the European Parliament and of the Council of 12 December 2017 establishing a general framework for securitization and creating a specific framework for simple, transparent and standardized securitization and amending Directives 2009 / 65 / EC, 2009/138 / EC and 2011/61 / EU, as well as Regulations (EC) no. 1,060 / 2009 and (EU) no. 648/2012,

In the conditions in which Societatea IAR SA is an open commercial company, with majority state capital, its obligation to comply with the provisions of Ordinance no. 26/2013 on strengthening financial discipline at the level of economic operators in which the state or administrative-territorial units are sole or majority shareholders or directly or indirectly hold a majority stake (as stipulated in Article 1 of the respective legislative act).

The members of the Nomination and Remuneration Committee set up within the Board of Directors of IAR SA did not carry out activities in terms of elaborating the remuneration policy of the directors and the general manager, in the context in which, although by GMS Decision no 07 / 28.09.2017 the initiation of the selection procedure of the members of the Board of Directors of IAR SA was approved, with the application of the provisions of art. 3, point 7 of the Emergency Ordinance no. 109/2011 on the corporate governance of public enterprises, approved with amendments and completions by Law no. 111/2016, this selection procedure has not been completed as yet.

The Nomination and Remuneration Committee set up within the Board of Directors of IAR SA had an important role in monitoring the company's executive management during 2021.

This:

- proposed the extension of the mandate contract based on which Mr. Laurian ANASTASOF ensures the management of IAR SA,*
- established the key performance indicators for 2021, which are an integral part of the mandate contract signed by IAR SA with its general manager*

The principles regarding the remuneration of the Board of Directors of IAR SA during 2021, which were established by applying the provisions of GO no. 26/2013 and GEO 109/2011, are the subject of the GMS decisions numbers 11 / 28.11.2017 and 02 / 30.01.2018, published in the Official Gazette of Romania, sent to ASF and BVB and posted on the website of IAR SA.

In accordance with the remuneration policy of the General Director in 2021, which is the subject of the GMS Decisions numbers 02 / 14.03.2016 and 06 / 27.04.2018, he benefits both from a fixed monthly allowance and from a variable component whose value will be determined by the degree of fulfillment of the key performance indicators stipulated by the contract of mandate of general director for the year 2021, the calculation to be performed after the approval of the financial statements on 31.12.2021.

In accordance with the principles regarding the remuneration of the Board of Directors and of the General Manager of IAR SA, in 2021:

- The gross fixed monthly allowance granted to the non-executive provisional members of the Board of directors of IAR S.A. was 4720 lei, value not exceeding the maximum value which represents the average of the average gross monthly salaries for the last 12 months prior to the appointment, communicated by the National Institute of Statistics for the machine building branch, NACE code 3030 "Manufacture of aircraft and spacecraft" (corresponding to the main activity of IAR SA), as provided by the GMS Decision 11/2017 in conjunction with GMS Decision 02/2018

This was within the ceiling established by BVC 2021, in chapter c4, letter b "expenses with the board of directors".

- The members of the advisory committees of the Board of Directors were not remunerated in addition for the work carried out in these committees.
- The non-executive interim members of the Board of directors did not benefit from a variable component of the gross allowance, not having set objectives and performance criteria through management mandate contracts.
- The allowances paid in 2021 to the company's directors (fixed remuneration) are the following:

	2020	2021
MUSAT IULIANA		19.172
MLADIN ANDREEA		19.172
CALIN ELENA		19.172
ROSU ALEXANDRU		19.172
PLETER OCTAVIAN THOR		13.680
BENCHESCU CLAUDIA		10.564
TANASE IULIA GABRIELA		10.564
BARBU HORATIU CATALIN		10.564
COCOS LIVIU		10.564
NITA EMIL	9.440	
GREBLA OCTAVIAN ALIN	9.440	
PISTOL MARIUCA OANA	9.440	
ANGHEL RUXANDRA-RODICA	56.640	26.904
DAVID DRAGOS FLORIN	51.920	26.904
DONTU MIHAI AUREL	51.920	37.468
CONDUROVICI MARCEL	4.720	
BACIU CRISTIAN ALIN	51.920	26.904
ANASTASOF LAURLIAN	13.903	0
TOTAL	259.343	250.804

- The company incurred the following expenses with the transport of the directors, occasioned by their travel from the domicile locality, to the headquarters of IAR SA in order to participate in the meetings of the board of directors and of the general meeting of shareholders:

Nr crt	NUMELE ȘI PRENUMELE ADMINISTRATORULUI	SUMA PLĂTITĂ DE SOCIETATE (LEI)	
		2020	2021
1	MUSAT IULIANA		99
2	MLADIN ANDREEA		99
3	GREBLA OCTAVIAN ALIN	192	
4	PISTOL MARIUCA	208	
	TOTAL	400	198

- The company incurred expenses for the conclusion of a professional liability insurance policy for the member of the board, in the amount of 2.500 EUR
- The company incurred expenses occasioned by the conclusion of notarial declarations and other expenses:

No	NAME AND SURNAME OF ADMINISTRATOR	AMOUNT PAID BY COMPANY (LEI)	
		2020	2021
1	BARBU HORATIU CATALIN		119
2	MUSAT IULIANA		21
3	CONDUROVICI MARCEL TOADER	238	
4	ANGHEL RUXANDRA RODICA	1000	
	TOTAL	1238	140

- The fixed monthly remuneration granted to the general manager of IAR SA was within the range established by OGMS Decision no. 01 / 30.01.2018, corresponding to the value representing 6 times the average of the average gross monthly salaries for the last 12 months prior to his appointment, communicated by the National Institute of Statistics for the Machine Constructions branch to NACE code 3030 - Manufacture of Aircraft and Spaceships (corresponding to the main object of activity of IAR SA)

At the proposal of the Nomination and Remuneration Committee, the Board of Directors of IAR S.A. established the effective value of the fixed monthly remuneration of the general director of the company in relation both to his attributions, tasks and responsibilities provided by the mandate contract, and to the economic-financial results of the commercial company.

This was in line with the ceilings set by the annual revenue and expenditure budgets (including the one for 2021), in Chapter c4, letter "Expenditure for the mandate contract".

- The upper limit of the annual variable component of the gross remuneration that can be granted to the general director of IAR SA for 2021, established by OGMS Decision no. 06 / 27.04.2018, is 65,000 euros, the effective value of the variable component for 2021 will be determined by the degree of fulfillment of the key performance indicators set for this year, which will be calculated after the approval of the 2021 annual financial statements.
- The general director of IAR SA did not receive special pension rights and / or benefits.
- IAR S.A. did not pay damages calculable on the basis of the mandate contract.
- During 2021, the two persons who were general directors of IAR SA in 2020 received the total amount of 319.259 lei (equivalent to 64.857 eur) as a variable component of their remuneration.

This value was calculated on the basis of 99,78% of the following key performance indicators set out in the mandate contract for 2020:

1. EBIT MARGIN - WEIGHTED DEGREE = 49,78% of max 50%
2. OUTSTANDING PAYMENTS - WEIGHTED DEGREE = 30% of max 30%
3. ROTATE SPEED OF FIXED ASSETS - WEIGHTED PERFORMANCE 10% of max 10%
4. IMPLEMENTATION OF AN OBJECTIVE-BASED PERSONNEL EVALUATION SYSTEM - WEIGHTED PERFORMANCE DEGREE 10% of max 10%.

The total degree of fulfillment of the key performance indicators established for 2020 was $49,78\% + 30\% + 10\% + 10\% = 99,78\%$

- The variable component of the allowance granted to Mr Neculai BANEA on the basis of mandate contract no. D10 / E425 / 30.03.2009 was calculated for the first 9 months of 2020.
- The variable component of the allowance granted to Mr Laurian ANASTASOF on the basis of mandate contract no. D10 / E1695 / 04.09.2020 was calculated for the fourth quarter of 2020.

- The total remuneration granted in 2021 to the executive and administrative management of IAR SA, broken down by components, is presented below:

	<u>2020</u>	<u>2021</u>
SALARIES PAID TO DIRECTORS		
		RON
BANEA NECULAI – TOTAL, from which	621.777	226.796
- the fixed remuneration	307.859	
- the variable component	313.918	226.796
ANASTASOF LAURIAN – TOTAL, from which	113.273	563.384
- the fixed remuneration	113.273	432.000
- the variable component		92.463
- other salary rights - the collective labor contract		38.921
TOTAL	735.050	790.180

- Based on the provisions of the mandate contract, in 2021 IAR SA granted the following rights to the general manager:

- o A fixed gross monthly salary 36.000 lei x 12= 432.000 lei
- o The variable component 92.463 lei
- o Other salary rights - the collective labor contract 39.992 lei
- o A Liability Insurance 4.094 lei/ an
- o A Mobile subscription with the following tariff plan (as part of the company subscription): equivalent to invoices 5.546 lei/an
- o Expenses with service housing 61.755 lei/an
- o A car without a driver (amortization) 23.357 lei/an

- The information on the basis of which a comparative analysis can be made of the remuneration granted to the administrative and executive management of IAR SA, including all benefits, regardless of form, is presented below:

PERIOD	CHANGE IN AVERAGE REMUNERATION OF COMPANY EMPLOYEES (WITHOUT DIRECTOR GENERAL)	CHANGE IN REMUNERATION OF GENERAL DIRECTOR	CHANGE IN REMUNERATION OF BOARD OF DIRECTORS MEMBERS	TURNOVER VARIATION	PROFIT VARIATION
2017 vs 2016	11,32	31,85	8,11	26,72	65,38
2018 vs 2017	40,90	51,01	88,20	34,53	22,52
2019 vs 2018	23,41	11,89	1,62	41,09	52,00
2020 vs 2019	17,83	3,13	-12,78	-29,93	-34,47
2021 vs 2020	11,45	7,49	-3,21	28,57	-28,15

NOMINATION AND REMUNERATION COMMITTEE:

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