

## **REMUNERATION POLICY OF THE ADMINISTRATIVE AND EXECUTIVE MANAGEMENT OF IAR S.A.**

*Taking into account the fact that IAR SA is an open commercial company, with majority state capital, it has the 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 art. 1 of the respective legislative act),*

*Taking into account the fact that the GMS Decision no. 07 / 28.09.2017 approved the initiation of the selection procedure of the members of the Board of Directors of IAR SA, 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, but the selection procedure has not been completed so far,*

*Taking into account the provisions of art. 14, paragraph (2) of GO 26/2013, according to which, until the appointment of the directors and the general director with a mandate contract according to the respective legislative act, "the level of remunerations of the members of the boards of directors, supervisory board members and directors who were not appointed under the conditions of the Government Emergency Ordinance no. 109/2011 on the corporate governance of public enterprises, with subsequent amendments and completions, is established by assimilation with those provided by it, within the approved budgetary provisions."*

*Taking into account the provisions of art. 37, paragraphs (1) and (2) of GEO 109/2011, according to which: "The remuneration of the members of the board of directors or, as the case may be, of the members of the supervisory board is established by the general meeting of shareholders. the structure and the limits provided in par. (2) and (4).*

*The remuneration of the non-executive members of the board of directors or of the supervisory board consists of a fixed monthly indemnity and a variable component. The fixed indemnity cannot exceed twice the average for the last 12 months of the average gross monthly earnings for the activity carried out according to the main object of activity registered by the company, at class level according to the classification of activities in the national economy, communicated by the National Institute of Statistics prior to his/her appointment. . The variable component is established on the basis of financial and non-financial performance indicators negotiated and approved by the general meeting of shareholders, different from those approved for the executive directors, determined in compliance with the methodology provided in art. 31 para. (5) and which aim at including the long-term sustainability of the company and ensuring compliance with the principles of good governance. The amount of the variable component of non-executive members may not exceed a maximum of 12 fixed monthly indemnities.*

*The general meeting of shareholders will be ensured, when establishing the fixed monthly indemnity of each member of the board of directors or, as the case may be, of each member of the supervisory board, determined according to par. (2) and (4), that it is justified in relation to the specific duties, the attributions in some consultative committees, with the number of meetings, the objectives and the performance criteria established in the mandate contract. "*

*Taking into account the provisions of art. 37, paragraph (3) of GEO 109/2001, according to which: "The remuneration of the executive members of the board of directors or of the supervisory board consists of a fixed monthly indemnity that may not exceed 6 times the average for the last 12 months of earnings average gross monthly salary for the activity carried out according to the main object of activity registered by the company, at class level according to the classification of activities in the national economy, communicated by the National Institute of Statistics before appointment, and of a variable component. The variable component will be based on financial and non-financial performance indicators, negotiated and approved by the general meeting of shareholders, different from those approved for non-executive members of the board of directors, determined in compliance with the methodology provided in art. 31 para. (5). The amount of the variable component of*

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*executive directors may not exceed the maximum amount of the variable component of non-executive members, which shall be 12 fixed monthly indemnities."*

*Taking into account the provisions of art. 38 of GEO 109/2011, according to which: "The remuneration of the directors is established by the board of directors and may not exceed the level of remuneration established for the executive members of the board of directors. It is the only form of remuneration for directors who also serve as members of the board of directors."*

*The remuneration consists of a fixed monthly indemnity established within the limits provided in art. 37 para. (3) and a variable component consisting of a share of the company's net profit, the granting of shares, stock-options or an equivalent scheme, a pension scheme or another form of remuneration based on performance indicators.*

*The approved financial and non-financial performance indicators are elements against which the variable remuneration component for the company's directors is determined. "*

*Considering the remuneration policy of the General Director according to which he benefits, as stipulated by the GMS Decision no. 02 / 14.03.2016 and the Decision 06 / 27.04.2018, both from a fixed monthly indemnity and from a variable component whose value is determined by the degree of fulfillment of the key performance indicators set out in the contract for the term of office of the General Director,*

*Taking into account the provisions of article 92<sup>1</sup> 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,*

**GENERAL MEETING OF SHAREHOLDERS OF IAR S.A. ESTABLISHES THE FOLLOWING POLICY FOR REMUNERATION OF THE COMPANY'S ADMINISTRATIVE AND EXECUTIVE MANAGEMENT:**

- 1. The maximum gross fixed monthly indemnity due to the non-executive provisional members of the board of directors of IAR S.A. 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).*

*It must fall within the ceilings set out in the annual budgets of revenue and expenditure, in Chapter c4, point (b) "expenditure on the Board of Directors".*

- 2. Until the establishment, through the management mandate contract, of some objectives and performance criteria, the non-executive provisional members of the board of directors of IAR S.A. they will not receive a variable component of gross remuneration.*
- 3. The upper limit of the fixed remuneration due to the general director of IAR SA is 6 times 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 construction branch, NACE code 3030 "Aircraft manufacturing and spacecraft "(corresponding to the main object of activity of IAR SA).*
- 4. The Board of Directors of IAR S.A. establishes 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 must fall within the ceilings set by the annual revenue and expenditure budgets, in Chapter C4, letter "Expenditure incurred by the mandate contract".*

5. *The upper limit of the annual variable component of the gross remuneration that can be granted to the General Director of IAR SA has the value of 65,000 euros.*
6. *The Board of Directors of the company establishes annually the effective value of the variable component of the gross remuneration due to the general director of the company depending on the degree of achievement of the key performance indicators established by the mandate contract.*

*In order to determine the amount of the annual variable component of remuneration, the Global Degree of Performance of Key Performance Indicators is determined annually taking into account the share of each key performance indicator in the mandate contract and the variation from the set target level, according to the following formula:*

$$ICP'_{global} (\%) = \sum_{i=1}^n ICP'_i (\%) \times W_i$$

*Global ICP' (%) - represents the global degree of fulfillment of the Key Performance Indicators in year "t" expressed as a percentage*

*ICP'\_i represents the target level in the current year "t" set by the board of directors for the Key Performance Indicator "i"*

*W\_i - the weighting coefficient of each Key Performance Indicator "i" approved by the board of directors.*

*n - represents the number of key performance indicators established for the general manager by the board of directors.*

*The individual fulfillment of the Key Performance Indicators (ICP\_i (%)) cannot exceed the level of 100% nor can it be lower than 0%.*

*For qualitative indicators, the individual degree of fulfillment of the Key Performance Indicators (ICP\_i (%)) may be 100% if it is considered met or 0% if the indicator is considered unfulfilled.*

*In the case of quantitative indicators, the degree of individual fulfillment of the Key Performance Indicators "i" (ICP\_i (%)) is determined for each year "i" according to the following formula as follows:*

*i) in the institution where both ICP'\_i and ICP'^{-1}\_i are positive values and at the same time ICP'\_i is higher than ICP'^{-1}\_i*

$$ICP_i (\%) = \frac{ICP'_{i \text{ realizat}}}{ICP'_i} \times 100$$

*ii) In the situation where ICP'^{-1}\_i is negative, and at the same time ICP'\_i is higher than ICP'^{-1}\_i*

$$ICP_i (\%) = \frac{1}{ICP'_i - ICP'^{-1}_i} \times (ICP'_{i \text{ realizat}} - ICP'^{-1}_i) \times 100$$

*ii) In the case of quantitative indicators aimed at maintaining below a certain maximum level or above a minimum value set by the board of directors, the individual degree of fulfillment of the respective Key Performance Indicators will be either 100% if the achieved level respects the limit set by the board of directors or 0% if the level achieved does not comply with the limit set by the board of directors, where:*

*The achieved ICP'\_i represents the actual level recorded in the current year "t" for the Key Performance Indicator "i".*

*ICP'\_i represents the target level in the current year "t" set by the board of directors for the Key Performance Indicator "i"*

*ICP'^{-1}\_i represents the target level in the year prior to the current year "t" established by the board of directors for the Key Performance Indicator "i".*

- a) *for a global degree of fulfillment of the key performance indicators greater than or equal to 80%,*

*a variable component is paid according to the formula:*

*$RV$  = Maximum amount of the variable remuneration component of the General Directorx  
Global ICPI (%), where*

*$RV$  represents the amount of variable remuneration due to the general director expressed  
in number of gross monthly fixed remuneration*

*Global ICPI (%) represents the global degree of fulfillment of the key performance indicators  
expressed as a percentage, determined according to the formula in letter a) above.*

*b) for a global degree of fulfillment of key performance indicators of less than 80%, the variable  
component is not granted.*

*7. In case of revocation of the director before the expiration of the term of the mandate contract,  
without just cause, IAR S.A. pays him damages in the amount of 12 (twelve) gross fixed monthly  
remunerations valid at the date of termination.*

*Ruxandra-Rodica ANGHEL*

*CHAIRWOMAN OF THE BOARD OF DIRECTORS*

