

NOMINATION POLICY DEVELOPED BY IAR SA

The appointment of the administrators of IAR SA is made in compliance with the principles of this nomination policy.

The election of the members of the Board of Directors of IAR SA is made in compliance with the provisions of the following legislative and regulatory acts in force:

- GEO 109/2011 with subsequent amendments and completions and the Methodological Norms for the application of this ordinance*
- Law no. 31/1990 on companies, with subsequent amendments and completions*
- Law 24/2017 on issuers of financial instruments and market operations.*

Within the Board of Directors of the Company, the following advisory committees are established, in order to increase its efficiency:

- audit committee*
- nomination and remuneration committee*
- risk management committee.*

The three committees will carry out their activity in compliance with the applicable legal provisions in force.

The mode of operation and the procedure for adopting decisions within the advisory committees are established by the Internal Regulation of the Board of Directors of IAR SA.

The nomination and remuneration committee develops the nomination policy, formulates proposals for the positions of administrators, develops and proposes to the Board of Directors the procedure for selecting candidates for the positions of director and for other management positions, recommends candidates for the listed positions to the Board of Directors, formulates proposals regarding the remuneration of directors and other management positions.

The members of the Board of Directors of IAR SA are appointed by the general meeting of shareholders, upon the proposal of the incumbent Board of Directors or the shareholders.

The Board Profile, the Administrator Profile and the Letter of Expectations contain the requirements that must be taken into account when carrying out the selection procedure for the administrators of IAR SA. These are published on the website of IAR SA.

The Board Profile specifies all the desired characteristics and traits of its members, including factors such as independence, diversity, integrity, specific skills and experience, industry knowledge, ability and willingness to dedicate adequate time and effort to the responsibilities of the Board, in the context of the needs of the Board and its committees and the exercise by them of the strategic and supervisory role of the Board.

The majority of the members of the Board must be non-executive. At least one third of the members of the Board must be independent. Each independent member of the Board must submit a declaration of independence at the time of his nomination for election or re-election, as well as when any change in his status occurs.

When appointing the directors of IAR SA, one of the following objectives must be met:

- a) members of the underrepresented sex must hold at least 40% of the non-executive director positions;*
- b) members of the underrepresented sex must hold at least 33% of all director positions, both executive and non-executive directors.*

The candidates proposed by the board of directors of the company are evaluated or selected in advance and recommended by the nomination committee within the board of directors.

The nomination committee is composed of non-executive directors, of which at least one is independent.

By decision of the board of directors, it may be established that in the evaluation process the nomination committee is assisted by an independent expert, a natural or legal person specialized in the recruitment of human resources, whose services are contracted by the company under the terms of the law.

If the public guardianship authority, on behalf of the shareholder the Romanian State, proposes candidates for the positions of members of the board of directors of the IAR SA Company, these proposals are made based on a prior selection carried out by a commission formed by specialists in human resources recruitment.

The public guardianship authority may decide that the commission be assisted in the selection process or that the selection be carried out by an independent expert, a natural or legal person specialized in human resources recruitment, whose services are contracted by the public guardianship authority. In this case, the public guardianship authority will bear the costs of the selection procedure.

It is mandatory to select candidates by an independent expert, a natural or legal person specialized in human resources recruitment, if at the time of the selection of administrators the IAR SA Company meets the following cumulative conditions:

- it registered a turnover in the last financial year higher than the equivalent in lei of the amount of 7,300,000 euros;*
- has at least 50 employees.*

The selection criteria for administrators are established, according to art. 31 paragraph (4) of GEO 109/2011 with subsequent amendments and completions, by the members of the nomination committee, the committees and/or the independent expert provided for in paragraphs (4) and (5) of the respective ordinance, as the case may be, taking into account the specifics and complexity of the activity of IAR SA and the requirements in the letter of expectations.

The announcement regarding the selection of members of the board of directors is published, by the tutelary public authority or, as the case may be, by the chairman of the board of directors, in at least two widely circulated economic and/or financial newspapers and on the website of IAR SA.

It must include the conditions that must be met by the candidates and the criteria for their evaluation.

The selection is carried out in compliance with the principles of non-discrimination, equal treatment and transparency and taking into account the specifics of the field of activity of the IAR SA Company, while ensuring a diversification of skills at the level of the board of directors.

The selection is carried out by applying the principles of diversity of gender, age, experience and skills.

The publication of the announcement regarding the selection of members of the board of directors is made at least 30 days before the deadline for submitting applications specified in the announcement.

IAR SA will inform shareholders about the experience and CV of candidates for the position of member of the Board, which they need to make an informed decision regarding the appointment or renewal of the mandate of the members of the Board, including the following:

- the professional commitments and involvements of the candidates, including executive and non-executive positions in companies, public authorities, non-profit organizations and other organizations;
- any existing or potential conflict of interest, including whether they have business, family or other relationships that could affect their performance as a member of the Board;
- which shareholder or member of the Board proposed each candidate for the position of member of the Board.

The appointment of administrators is carried out by the general meeting of shareholders from the short list, drawn up in accordance with art. 2 point 10 of GEO 109/2011 with subsequent amendments and completions.

By way of exception to the above-mentioned provisions, in the event of the termination of the mandate of some of the members of the board of directors, the selection of new members may be made from the short list drawn up in the selection process, if it includes persons who were not appointed as members of the board of directors.

The form of the mandate contract to be concluded with the directors and the fixed remuneration of the directors shall be approved at the general meeting of shareholders which has on its agenda the appointment of the members of the board of directors.

The addendum to the mandate contract concluded by IAR SA with its directors shall include the variable remuneration, the financial and non-financial performance objectives and indicators established by the general meeting of shareholders, as well as those in the letter of expectations.

Quantifiable objectives shall also be mandatory regarding the reduction of outstanding obligations, the management of receivables and their recovery, the implementation of the investment plan and the provision of cash flow for the activity carried out.

The list of members of the board of directors and their CVs are published, by the chairman of the board of directors, on the public enterprise's website, for the entire duration of their mandate.

The board of directors of IAR SA adopts, within 90 days from the date of appointment, the Code of Ethics, a document that is published, by the chairman of the board of directors, on the website of IAR SA and is revised annually, if necessary, with the opinion of the internal auditor, being republished on May 31 of the current year.

If the candidates proposed by the board of directors are incumbent directors, the request for renewal of the mandate is addressed to the general meeting of shareholders under the conditions of art. 28 paragraph (7) of GEO 109/2011 with subsequent amendments and completions, with the obligation of the candidate to present an activity report for the period of the mandate performed.

Within a maximum of 30 days from the date of its appointment, the board of directors shall prepare a proposal for the management component of the management plan, in order to achieve the financial and non-financial performance indicators.

The aforementioned management component shall be supplemented with the managerial component prepared in accordance with the provisions of art. 36 para. (1) of GEO 109/2011, as amended and supplemented. The management plan shall be subject to analysis and approval by the board of directors of the company.

Within 5 days of the approval of the management plan, through the care of the chairman of the board of directors, the general meeting of shareholders is convened, in order to negotiate and approve the financial and non-financial performance indicators resulting from the management plan.

The negotiation of the financial and non-financial performance indicators based on the management plan and the letter of expectations is carried out within 45 days from the date of their communication to the public guardianship authority. If the negotiation is not completed at the expiration of this term, the term may be extended once by a maximum of 30 days, at the request of any of the parties involved.

In the event of failure of the negotiation in the two rounds, the members of the board of directors are revoked, without being entitled to the payment of damages. In this case, the result of the negotiation must be motivated and published on the company's own website.

The financial and non-financial performance indicators negotiated and approved by the general meeting of shareholders constitute elements against which the variable component of the remuneration for the company's administrators and directors is determined.

The evaluation of the activity of the administrators is carried out annually by the general meeting of shareholders, as the case may be, with the support of experts in such evaluations, and concerns both the execution of the mandate contract and the administration plan.

Administrators may be revoked by the general meeting of shareholders in accordance with the law, under the conditions established in the mandate contract. If the revocation occurs without just cause, the administrator in question is entitled to the payment of damages, according to the mandate contract. For the appointment of new administrators, the provisions of art. 29 of GEO 109/2011, as subsequently amended and supplemented, shall apply accordingly.

If, for attributable reasons, the administrators do not meet the performance indicators established by the mandate contracts, the general meeting of shareholders shall revoke them from office and decide, within the term provided for in art. 644 para. (1) of GEO 109/2011 with subsequent amendments and completions, the initiation of the selection procedure for the appointment of new administrators, in accordance with the provisions of art. 29 of this emergency ordinance. The revoked administrators may no longer run for office for 5 years from the date the decision becomes final for other boards of directors provided for by this law.

At the request of shareholders representing, individually or jointly, at least 5% of the subscribed and paid-up share capital, the board of directors shall convene a general meeting of shareholders with the agenda of electing the members of the board of directors by applying the cumulative voting method. If the request is made by a shareholder holding more than 10% of the share capital of the public enterprise, the application of the cumulative voting method is mandatory.

By means of the cumulative voting method, each shareholder has the right to assign his/her cumulative votes - obtained by multiplying the votes held by any shareholder, according to his/her participation in the share capital, by the number of members to form the board of directors - to one or more persons proposed for election to the board of directors of IAR SA.

Any shareholder may make, in writing, proposals addressed to the board of directors of IAR SA, for the application of the cumulative voting method, within 15 days from the date of publication in the Official Gazette of Romania, Part IV, of the convening notice of the general meeting of shareholders which has on the agenda the election of the members of the board of directors of the company.

In exercising cumulative voting, shareholders may grant all cumulative votes to a single candidate or to several candidates. In the case of application of the cumulative voting method, shareholders shall indicate the number of votes granted.

In the case of application of the cumulative voting method, the members of the board of directors, in office on the date of the general meeting, shall be included in the list of candidates for the election of members of the board of directors or the supervisory board, together with the candidates proposed by the shareholders.

All candidates included in the list of candidates shall be subject to a vote by the shareholders at the general meeting of shareholders.

The members of the board of directors, in office on the date of the general meeting, who are not reconfirmed by cumulative voting as members of the board of directors, shall be deemed to have been dismissed from

office by the decision of the general meeting. In the event of dismissal of directors by application of the cumulative voting method, this dismissal shall not be considered a dismissal without just cause and the company shall not be obliged to pay damages.

The term of office of the members of the board of directors in office on the date of the general meeting of shareholders at which the cumulative vote was applied will continue in the event of their reconfirmation through the cumulative vote method.

The persons who obtained the most cumulative votes at the general meeting of shareholders will form the board of directors of IAR SA.

In the event that two or more persons proposed to be elected as members of the board of directors of IAR SA obtain the same number of cumulative votes, the person who was voted for by a greater number of shareholders is declared elected as a member of the board of directors.

The criteria for electing members of the board of directors in the event that two or more proposed persons obtain the same number of cumulative votes, expressed by the same number of shareholders, are established by the general meeting of shareholders and specified in its minutes.

In the context in which IAR SA is a company whose securities are traded on the capital market, the provisions of the capital market legislation also apply to the process of appointing members of the board of directors.

A natural person may simultaneously exercise a maximum of 3 director mandates in companies or public enterprises whose headquarters are located in Romania. This provision applies equally to the natural person director, as well as to the natural person representative of a legal person director.

When selecting the directors of IAR SA, the nomination and remuneration committee of the board of directors takes into account all the desired characteristics and traits of the candidates, including factors such as independence, diversity, integrity, specific skills and experience, industry knowledge, ability and willingness to dedicate adequate time and effort to the responsibilities of the executive management, in the context of the needs of IAR SA.

THE DIVERSITY, EQUALITY AND INCLUSION POLICY developed at the level of IAR SA also applies to the board of directors of the company and its executive management, becoming an annex to this nomination policy.

IAR SA'S COMPANY POLICY FOR DIVERSITY, EQUALITY AND INCLUSION

1. Principles of Diversity, Equality and Inclusion

IAR SA is an employer that promotes the principle of non-discrimination and equal treatment.

This principle is regulated internally in both the Code of Ethics and Integrity and the Internal Regulations, which stipulate that IAR SA promotes the principle of equal treatment towards all its employees in order to avoid direct or indirect discrimination based on criteria of sex, sexual orientation, genetic characteristics, age, national origin, race, color, ethnicity, religion, political opinion, social origin, disability, family situation or responsibility, union membership or activity.

In addition, the system procedure "Hiring of employees, monitoring of individual employment contracts, termination of employment relationships within IAR SA" stipulates that the recruitment and hiring process of IAR SA provides equal opportunities to all candidates who prove during the selection process that they have the necessary skills, qualities and qualifications, the process of hiring and / or promotion within the company being a non-discriminatory and in full compliance with the provisions of labor legislation in force, internal regulations and best practices in the field of human resources.

In addition to the aforementioned documents and regulations, IAR SA has drafted and developed the Diversity, Equality and Inclusion Policy, with the aim of putting together the principles and objectives of creating a diverse working environment and inclusive culture, in which each director, manager or employee feels valued and able to reach their full professional potential. Respectul pentru diversitate este un principiu de bază aplicat în cadrul Societății IAR SA SA inclusiv atunci când este vizată conducerea administrativă și cea executivă a acesteia, activul uman al companiei având responsabilitatea comună de a nu discrimina pe niciunul dintre administratori, directori sau angajați, pornind de la premiza că discriminarea îi împiedică pe aceștia să își valorifice potențialul maxim, creând inechități în rândul lor.

The administrative and executive management of IAR SA continuously apply the principle that the improvement of the performance and the development of the organization are dependent on the diversity of thinking of the Company's managers, directors and employees.

The organizational culture developed within IAR SA is an inclusive one, in which the Company's directors, managers and employees feel comfortable, respected and treated fairly and non-discriminatorily, and are appreciated individually, according to their attitude and results.

IAR SA's Diversity, Equality and Inclusion Policy applies both to the Company's employees, regardless of whether they hold managerial or executive positions, and to the Company's directors and managers, who work under their contracts of mandate.

2. Implementation within IAR SA of the Diversity, Equality and Inclusion Policy

The Policy for Diversity, Equality and Inclusion is one of the priorities for the transposition of the ESG (Environmental, Social and Governance) framework at the level of the IAR SA organization.

Some of the practices included in the Policy for Diversity, Equality and Inclusion developed by IAR SA at all levels (managers, directors and employees) are the following:

- ***VOCATIONAL TRAINING***
 - *specialized trainings;*
 - *an induction program in the Company's field of activity followed by most new employees*
 - *granting study leave at the request of employees*
- ***GENDER EQUALITY***
 - *involvement of women in management positions*
 - *involvement in various gender-specific events, as follows: organization of sports activities of interest to men's collectives, organization of women's events.*
- ***DIGNITY AT WORK***
 - *protection against harassment and abuse*
 - *application of the principles stipulated in the Code of Ethics and Integrity of IAR SA*
- ***INCLUSION***
 - *organization of events designed to allow the inclusion of employees in the collective to which they belong*
- ***FLEXIBLE WORKING CONDITIONS***
 - *individualized work schedule*
 - *teleworking*
 - *flexible daily working hours*
 - *reduced working hours in certain circumstances*
- ***FAMILY LIFE***
 - *involvement in various events dedicated to the families of Society employees (June 1st, Christmas)*
 - *supporting employees' families when they are on holiday (including by granting social benefits)*
 - *granting maternity and paternity leave*
 - *granting leave for special family circumstances*
 - *granting leave and incentives on the occasion of family events (marriage, birth of children)*
 - *granting leave and social benefits for special family problems.*

The company IAR SA has implemented and is implementing a number of measures to support the rights of directors, managers and employees and their professional development.

The company believes in a non-judgmental, inclusive community across the value chain, treating directors, managers and all employees fairly, non-discriminatorily and giving everyone access to the same opportunities.