

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 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.

NOMINATION AND REMUNERATION COMMITTEE:

Ruxandra-Rodica ANGHEL

Liviu COCOS

Răzvan POPA