

NOTE

regarding the establishment of the general limits of the fixed and the variable indemnity to be paid to the general director of the company

We would like to inform you that the current fixed gross monthly indemnity paid to the General Director of IAR SA was established by the Board of Directors of the company in compliance with the higher limit established by the Ordinary General Meeting of the Company's Shareholders by Decision no. 02 / 14.03.2016 as follows: "It is approved as the upper limit of the fixed remuneration due to the general director of IAR SA Company to be 6 times the average of the averages gross monthly salaries for the last 12 months prior to its appointment (01.2015-12.2015) communicated by the National Institute of Statistics for the machine building industry - manufacture of other means of transport (corresponding to the main activity object of IAR SA, CAEN code 3316 - "Repair and maintenance of aircraft and spacecraft"). "

Where:

- *On 28.11.2017, the General Meeting of the Shareholders of IAR SA approved, by the Decision No. 09 / 28.11.2017, a series of amendments to the Constitutive Act of IAR SA, one of which consists in the establishment of the CAEN code 3030 - "Manufacture aircraft and spacecraft "as the main activity of the company,*
- *The General Meeting of Shareholders has the competence to set the general limits of all indemnities and remunerations granted to the General Director of IAR SA starting from the reference of the average of the monthly averages gross salaries for the last 12 months communicated by the INSSE for the work carried out corresponding to the main activity of the company, in accordance with the provisions of OG 26/2013, art. 37 and 38 of OUG 109/2011, according to which "Art. 37 ... 3. The remuneration of the executive members of the board of directors or the supervisory board shall consist of a fixed monthly indemnity not exceeding 6 times the average of the averages gross monthly salaries for the work carried out according to the main subject matter of the last 12 months activity registered by the company at the class level according to the classification of activities in the national economy, communicated by the National Institute of Statistics prior to the appointment, and from a variable component. The variable component will be based on the financial and non-financial performance indicators, negotiated and approved by the general meeting of the shareholders, different from those approved for non-executive directors, determined in accordance with the methodology provided in art. 31 par. (5). ... Article 38 (1) The remuneration of directors shall be determined 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 act as administrator. (2) The remuneration is made up of a monthly fixed indemnity established within the limits stipulated in art. 37 paragraph (3) and a variable component consisting of a share in the net profit of the company, share issue, stock-options or an equivalent scheme, pension scheme or other form of remuneration based on performance indicators. "*
- *It is stipulated at art. 18 of the OUG no. 90 / 07.12.25017, that "The gross remuneration of the members of the board and directors provided in mandate contracts concluded in accordance with the provisions of OUG no. 109/2011 on Corporate Governance of Public Enterprises, approved with amendments and completions by Law no. 111/2016, as amended, may be recalculated in order to be reconciled with the new mandatory social contributions due under Law no. 227/2015, as subsequently amended and supplemented, as amended by the OUG no. 79/2017 for amending and completing the Law no. 227/2015 on the Fiscal Code."*

the Board of Directors of the IAR S.A. Company, taking also into the consideration the following

- *the IAR SA Company is acting in the aeronautical industry, a cutting-edge industry, working with modern, state-of-the-art concepts and technologies where flight quality and safety are defining elements,*
- *the IAR SA Company is part of the defense industry sector, a strategic branch of the national economy, the company being the economic agent that supports the forces of the National Security System*

(MApN, MAI, SRI) with products and services related to maintenance / repair / modernization / logistics assurance of all Alouette III and Puma helicopters belonging to these beneficiaries and having mobilization tasks in peace and war, as evidenced by the mobilization plan approved by the Supreme Council of National Defense of the Country,

- the production process in IAR SA is a complex one and involves the development of a research and development activity meant to define the most suitable technical solutions to meet the requirements of the beneficiaries, a production activity based on state-of-the-art technologies and a control process, which includes ground and flight test aircraft,*
- in order to carry out the activities covered by its activity, the Company IAR SA must have implemented a quality system that will allow it to obtain a series of certifications and authorizations from competent entities: ISO 9001 and EN 9100, OMCAS certifications, EASA PART 21 / G, EASA PART 145, the General Director acting, in accordance with these regulations, as responsible manager, who is the person who establishes the company's quality policy, ensuring that it is known and applied by all employees,*
- the General Director of IAR SA Company is the person who approves the ground and flight tests of all helicopters, knowing that any flight involves a certain risk, especially when the flight is done after significant work,*
- over the last 15 years, the Company IAR SA has constantly registered profit,*
- the IAR SA Company is an open-ended company whose shares are traded on the capital market, market operator Bucharest Stock Exchange*

submits to the analysis and approval of the General Meeting of Shareholders the proposal that:

- the maximum monthly gross indemnity due to the General Director of IAR SA to represent 6 times the average for the last 12 months prior to his appointment of the averages gross monthly salaries for the activity carried out according to CAEN code 3030 - "Manufacture of aircraft and spacecraft" (main object of activity of the company), and recalculated by indexing with 20%, according to the provisions of art. 18 of OUG 90/2017,***
- the maximum limit of the variable gross indemnity due to the General Director of IAR SA to represent 12 times the amount of his fixed monthly gross indemnity, depending on the degree of fulfillment of the objectives and the performance criteria to be established by the Board of Directors***

Claudia Maria BAICU

CHAIRMAN OF THE BOARD OF DIRECTORS