

NOTE

on the establishment of the variable component of the remuneration to be paid to the Director - General of IAR SA

As you know, following the change of the main activity object of IAR SA, the Board of Directors of the company adopted at its meeting on 30.01.2018 the note which was the object of the analysis and approval of the General Meeting of Shareholders containing a proposal for stabilization at the level the maximum legally allowed of both the maximum limit of the monthly gross fixed indemnity and the maximum gross variable limit for the general director of IAR SA, bringing in support of the proposal several legal and technical arguments.

Considering that the General Meeting of Shareholders:

- established by its Resolution no. 01 / 30.01.2018 that as of 01.01.2018 the maximum monthly gross indemnity due to the General Director of IAR SA represents 6 times the average for the last 12 months prior to his appointment the monthly gross earnings per month for the activity developed according to CAEN code 3030 - "Manufacture of aircraft and spacecraft" (the main object of activity of the company), and recalculated by 20% indexation, according to the provisions of art. 18 of EGO 90/2018,*
and
- postponed a decision on the maximum limit of the variable gross component due to the General Director of IAR SA, claiming that the criteria and the performance targets have not yet been established*

and

Considering the fact that in mandate contract no. E425 / 30.03.2009 is included in art. 4.1.2 the clause according to which the General Director "may be granted, after approval of the annual financial statements, an annual prize of no more than 12 monthly gross remunerations, commensurate with the overall degree of achievement of the objectives and performance criteria set out in the mandate contract" , starting from the following considerations which prove the complexity and the high responsibility of IAR SA:

- IAR SA operates in the field of aviation industry, a leading industry, working with state-of-the-art modern concepts and cutting-edge technologies where flight quality and safety are defining elements,*
- IAR SA 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 (MOD, MOI, RIS) with products and services related to maintenance / repair / upgrade / logistics for all the Alouette III and Puma helicopters to equip these beneficiaries and having mobilization tasks in peace and war, as evidenced by the mobilization plan approved by the Supreme Council of National Defense,*
- The production process of IAR SA is a complex one and involves the development of a research and development activity meant to define the most suitable technical solutions that meet the requirements of the beneficiaries, a productive activity based on state-of-the-art technologies and a control process, which includes aircraft ground and flight tests,*
- IAR SA intends to engage in two major helicopter programs through industrial cooperation with renowned international companies, initiating talks with Bell Helicopters Textron - for the involvement in the production / MRO of the attack helicopter AH1Z Viper and with Airbus Helicopters - for the involvement in the production / MRO of the multi-role helicopter AH 215M RO. These activities are particularly important for the future of the company, by carrying out complex analyses to maximize the industrial participation of IAR SA, as well as the development*

of some investment programs related to these programs, which involve directorial knowledge, extensive professional experience and a large responsibility of the company's director,

- In order to carry out its activities, IAR SA must have a quality system implemented that will allow it to obtain a series of certifications and authorizations from competent bodies: ISO 9001 and EN 9100 , OMCAS certifications, EASA PART 21 / G, EASA Part 145, the General Director, in accordance with these regulations, acting as responsible director, 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 is the person who approves the ground and flight tests of all helicopters, knowing that any flight involves a certain risk, especially when the test-flight is made after extensive work,*
- In the last 15 years IAR SA has constantly registered profit,*
- IAR SA este o societate deschisă, ale cărei acțiuni sunt tranzacționate pe piața de capital, operator de piață Bursa de Valori București*
- IAR SA is an open company whose shares are traded on the capital market, having as market operator the Bucharest Stock Exchange*

subject to the analysis and approval of the General Meeting of Shareholders the proposal that the upper limit of the variable component of the gross remuneration due to the general manager of the company be 65,000 euros.

*The legal basis for establishing the maximum limit of the monthly variable component is the provisions of GO 26/2013, art. 37 and 38 of GEO 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 monthly gross earnings per month 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 of a variable component. **The variable component shall be based on the financial and non-financial performance indicators, negotiated and approved by the General Meeting of the Shareholders,** other than 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 administrators. (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 of the company's net profit, share-lending, stock-options or an equivalent scheme, a pension scheme or other form of remuneration based on performance indicators.** "*

Claudia Maria BAICU

CHAIRPERSON OF THE BOARD OF DIRECTORS OF IAR S.A.