

## GENERAL PROVISIONS

The Board of public company Invalda

**SEEKING** to prevent conflicts of interest and abuse while determining the remuneration conditions to the Management of public company Invalda, and to ensure the publicity and transparency of such remunerations,

**IN COMPLIANCE WITH** the provisions of valid legal acts,

**TAKING INTO CONSIDERATION** the Corporate Governance Code of Companies Listed on the Vilnius Stock Exchange and the Principles of Corporate Governance of the Organization for Economic Co-operation and Development (OECD), also common practice of Lithuanian enterprises, the organisational structure and peculiarities of activity of public company Invalda,

puts forward the Policy of remuneration of the Management of public company Invalda (hereinafter - the Policy or the Policy of remuneration of the management) for familiarisation and approval by the General Meeting of shareholders.

## TERMS

<b>Company</b>	Public company Invalda, enterprise code 121304349, office address Lithuania, Vilnius city municipality, city of Vilnius, Seimyniskiu St. 3
<b>Management</b>	Members of the company management bodies that are directly elected by the General Meeting of shareholders
<b>The Policy of Remuneration of the Management</b>	The main principles and guidelines taken as a reference while determining a variable portion of remuneration for the Management of the Company

## MAIN GOALS AND PRINCIPLES OF THE POLICY OF REMUNERATION OF THE MANAGEMENT

The main goals of the Policy:

1. To provide shareholders with essential information associated with a portion of variable remuneration of the Management and present the opportunity to express their opinion on this issue at the General Meetings of shareholders.
2. To avoid a conflict of interest that may arise between the Management, shareholders and the Company itself, to enhance the trust of investors in the Company.

The main principles used as a basis of the Policy of remuneration for the Management:

1. The growth and strong position of the Company in the market is determined by the competence of its Management.
2. The remunerations allocated to the Company Management must be competitive and attractive.

## PROCEDURE FOR PREPARING AND APPROVING THE POLICY OF REMUNERATION OF THE MANAGEMENT

The Policy of remuneration of the Management, amendments and supplementations thereof shall be prepared and submitted to the General Meeting of shareholders by the Company Board. Seeking to prepare an economically and legally grounded Policy the Board has the right to hire independent experts.

The policy and all amendments and supplementations of its conditions shall be approved by the shareholders by passing a decision at the General Meeting of shareholders. The shareholders shall be informed about all conditions of the amendments proposed, and shall be furnished with explanations of the effect of the amendments suggested.

The Policy of remuneration of the Management and the approval of any amendments thereof shall be included in the agenda of the General Meeting of shareholders as a separate issue.

#### **STRUCTURE OF REMUNERATION OF THE MANAGEMENT FOR 2008-2010**

The remunerations of the Management members who are directly elected by the General Meeting of shareholders and who have concluded employment contracts with the Company consist of the fixed and variable portions.

A fixed portion of the remuneration is determined in employment contracts.

A variable portion of the remuneration consists of annual bonuses allocated for the activities in the Company's management body that is elected by the General Meeting of shareholders in conformity with the procedures set in the Law on Companies of the Republic of Lithuania and this Policy.

The annual bonuses are allocated only if the Company operated profitably.

While preparing a draft resolution for the profit distribution the Board shall offer to allocate to the Management a share of profit not exceeding the smaller amount of the sums indicated below:

1. The sum of 2 mLTL and 1/100 of audited consolidated net profit attributable to the shareholder of the Company for the accounting financial year.
2. 1/20 of audited consolidated net profit attributable to the shareholder of the Company for the accounting financial year.

While preparing a draft resolution for profit distribution the Board may propose that the Ordinary General Meeting of shareholders allocated a smaller amount of annual bonuses than the one fixed in the Policy.

The whole Management shall be allocated the total amount of annual bonuses. The portion for each individual member of the Management shall be determined by the Board within 30 days from the date of the Ordinary General Meeting which adopted a resolution on the profit distribution with the consideration to the attainment of individual goals of each member of the Management.

Only a variable portion of the annual bonuses shall be paid to members of the Management who have not concluded employment contracts with the Company.

Upon the resignation of a member of the Management or dismissal thereof from office, no additional payouts shall be payable to him, except for those stipulated in the valid legal laws and mandatory according to them.

#### **DISCLOSURE OF INFORMATION ON IMPLEMENTATION OF THE POLICY OF REMUNERATION OF THE MANAGEMENT**

Information associated with the implementation of the Policy of remuneration of the Management is to be disclosed in the annual financial statements.

The goal of disclosing such information is to allow the shareholders to assess the Policy of remuneration of the Management and to enhance the Company's accountability to its shareholders.

The following shall be indicated in the information about remunerations:

1. A sum of the fixed and variable constituent portions of remuneration, their ratio and the change during the last financial year.
2. Other information that is expedient to be disclosed in the opinion of the Board, except for the information that is not subject to disclosure from commercial respect and that may impair the strategic position of the Company.