

*Translation from Lithuanian*

## **Remuneration Policy**

### **Of the public joint-stock company Invalda INVL**

#### **Purpose and scope of Remuneration Policy**

The Remuneration Policy (hereinafter referred to as the "Remuneration Policy") of Invalda INVL (hereinafter referred to as the "Company") has been prepared taking into account the Company's business strategy, long-term goals and interests and the fact that the Employees of the Company and the Group's companies make a significant contribution to the achievement of these goals and the success of the Company.

The Invalda INVL Group's priority is the successful management of the assets entrusted by people. The overall objective of the Remuneration Policy is to describe how Employees are remunerated for their work and for the results they achieve. In addition, the objective is to attract, retain and motivate qualified employees and managers, and to align their interests with those of the Company, thereby creating long-term value for Invalda INVL Group's customers, employees, partners, shareholders and other stakeholders. The remuneration policy maintains a simple and transparent remuneration structure and enhances Employee loyalty and accountability and reduces the risk of potential conflicts of interest.

The Company's policy is to apply (i) fixed remuneration and/or (ii) a combination of fixed remuneration and variable remuneration, as further described below. The combination of fixed remuneration and variable remuneration should ensure an appropriate balance of interests while motivating long-term growth without discouraging short-term or risky behaviour. Competitive and reasonable remuneration must help attract and retain the professional, talented employees who are committed to Invalda INVL's values and who are necessary for the continuity and development of the Company's and the Group's business. In order to maintain such competitive and reasonable remuneration, the Board of the Company (or the Nomination and Remuneration Committee authorised by the Board) shall take cognisance of and review the remuneration schemes of the Company and, as appropriate, of the individual companies within the Group, and the changes in the annual salaries and bonuses.

The Board of the Company may form a Nomination and Remuneration Committee as needed, the composition, functions, rights, responsibilities of which shall be set out in the Nomination and Remuneration Committee Regulations approved by the Board of the Company. Subject to the provisions of laws, the Board of the Company may authorise the Committee to perform some of the functions of the Board set out in this Policy.

The Company's remuneration and incentive system, including any part of it, is gender neutral, i.e. based on equal remuneration of Employees of either gender for equal work or work of equal value.

This Remuneration Policy applies to the employees of Invalda INVL and the Group companies. This policy is binding on the Company and is recommended to the Group companies. The aim is that the Remuneration Policies of the Group companies should, as far as possible, comply with the principles set out in this Remuneration Policy.

#### **Definitions**

The Company - Invalda INVL AB.

The Group company – any company in which the Company owns, directly or indirectly, more than 50% of the shares and voting rights.

The Manager of the Company – CEO of Invalda INVL.

The Company Employees – persons working for the Company under an employment contract.

Employees of the Company and the Group may be collectively referred to as Employees.

Remuneration - financial remuneration for the work performed, consisting of a fixed remuneration (salary) and, possibly, a variable remuneration (bonus, other monetary remuneration and other benefits).

The Policy – this Remuneration Policy.

#### **Components of an Employee remuneration system**

##### **FIXED REMUNERATION**

Each Employee shall be paid a monthly salary, i.e. a basic fixed remuneration (the "Salary"). Members of the elected bodies who do not have an employment contract with the Company may receive remuneration in the form prescribed by law and under service contracts.

The remuneration of the Employees of the Company and of the Group is reviewed and set, as a rule, once a year. The remuneration of the Company's Employees shall be determined by the Chief Executive Officer of the Company. The remuneration of the Group's Employees shall be determined and reviewed in accordance with the law and the companies' internal procedures. The level of remuneration takes into account the level of responsibilities, professional competences, personal qualities and objective conditions in the labour market. The remuneration of the Chief Executive Officer shall be determined by the Board of Directors of the Company. The remuneration of the top managers of the Group companies shall be determined by the Board of that Group company or, if there is no Board, by the General Meeting of Shareholders. The Board of the Company shall be informed of the expected review of the annual Salaries and annual Bonuses, as well as of significant reviews of Salaries, Bonuses and other monetary remuneration during the year (the total remuneration of the Group's top managers and of their subordinated units shall be subject to a review irrespective of the materiality of such review).

The Company and the Group companies may defer the payment of remuneration and may use the opportunity to reclaim the variable part of the remuneration.

The employment contracts concluded by the Company and the Group companies do not contain any agreements on supplementary pensions or early retirement arrangements, the conditions of termination of the employment contract and the payments related to the termination of the employment contract do not differ from those provided for in the applicable legislation. The Board of Invalda INVL has the right to apply exemptions after assessing individual agreements, significant contribution to earned profit or other objective circumstances.

## VARIABLE REMUNERATION

**Bonus** – in addition to the monthly **Salary**, a bonus may be paid as an incentive to the Employees. A Bonus is an additional Employee's remuneration which is granted and paid on the initiative of the Company and/or the Group Company as a means of incentive and motivation of Employees to reward them for a job well done, or for the performance or results of the Employee or of the Company or a division. The Bonus may be short-term (annual cash bonus) as well as long-term (3 years or more).

The decision on the payment or non-payment of the bonus is taken by the Company and the Group company at its own discretion. The Company's Board is informed about the amounts of bonuses offered to the top managers of the Group's companies and of their subordinate units. The annual cash bonus is paid once a year after the annual evaluation of the Employee's work after the approval of the Company's consolidated annual financial report.

If the Company provides such an opportunity, instead of the bonus (all or part of it), the Employee, at his or her option, can be granted long-term incentive instead of the bonus (or part of it), such as stock options or contributions to a pension fund.

Share options may be granted in accordance with the Company's Rules for the Granting Equity Incentives, which are approved by the Company's Shareholders' Meeting and published on the Company's website. The amount of the annual bonus or the specific number of stock options for a specific Employee is assigned by the Company's Board at the proposal of the head of the Company or Group company, or stock options are granted as a reward based on future performance on the basis of the contract signed with the employee.

**Other monetary remuneration** is a premium, other benefits. An Employee may be paid a premium for additional work, performance of additional functions, performance of additional tasks or for making decisions of particular importance to the Company's results. The Board of the Company is informed about the amount of premiums offered to the top managers of the Group companies and of their subordinate units. The premium is determined by decision of the CEO of the Company or Group company. The premium is not included in the Employee's salary.

**Other benefits** - other potential benefits provided to employees as motivating measures. Pension contributions may be paid to the pension funds for the benefit of Employees or health insurance may be provided. Employees may also be provided with benefits that have a financial value but do not involve monetary bonuses, i. e. non-monetary benefits (reimbursement of part or all the cost of training, internal company events, etc.). The package of indirect financial benefits

is selected taking into account the financial situation and strategy of the Company or the Group, as well as the principles of fairness and transparency. The Company's board is informed about the amounts of other benefits offered to the top managers of the Group's companies and of their subordinate units.

### **Remuneration for members of the Company's elected bodies**

The members of the Board are appointed and / or revoked for the term provided for in the Articles of Association of the Company, and the bonuses are granted and paid by the decision of the General Meeting of Shareholders of the Company in accordance with the procedure established by legal acts. Following the decision of the General Meeting of Shareholders on the payment of bonuses, the share of bonuses due to a particular member of the Board is determined by the decision of the Board, taking into account the contribution of a particular member of the Board to the Company's activities.

Members of the Board of the Company may receive remuneration from the Company under employment, service or other contracts. Upon the entry into force of this Remuneration Policy, all new forms of remuneration received by the members of the Board of the Company or changes in the existing amounts of remuneration for their activity on the Board of the Company, or remuneration of new members of the Board of the Company must be approved by the General Meeting of Shareholders. If the remuneration of the existing members of the Board for their activity on the Board of the Company is changed or the remuneration of the new members of the Board is determined without the approval of the General Meeting of Shareholders, such changes in remuneration shall be submitted to the next General Meeting of Shareholders of the Company for approval. If the Shareholders' Meeting does not approve them, the member of the board must compensate the part of the remuneration paid to the Company, which was granted without the approval of the General Meeting of Shareholders.

The amount of remuneration for the members of the Company's Audit Committee is approved by the Company's General Meeting of Shareholders.

### **The procedure for the preparation, adoption and amendment of the Remuneration Policy**

The Remuneration Policy is concluded for a period of 4 (four) years and is valid until the Annual General Meeting of Shareholders of the Company shall be held on the fourths year.

The draft Remuneration Policy (amendment thereto) is prepared by the Director of the Company. Shareholders who's held shares carry more than 1/10 of the votes and the Board of the Company shall be entitled to initiate changes in the Remuneration Policy.

The Remuneration Policy (amendments thereto) shall be approved by the General Meeting of Shareholders of the Company. The Remuneration Policy shall be deemed approved when it is approved by a majority of at least of 2/3 of all the votes carried by the shares held by the shareholders attending at the General Meeting of the Company.

Where Executives (any of them) are also shareholders of the Company (representing the shareholders) attending the General Meeting of Shareholders where the issue of approval of the Remuneration Policy (amendments thereto) is discussed, this information shall be disclosed before the consideration of the said issue.

Upon approval of the Remuneration Policy, the remuneration of the Employees shall be paid only in accordance with the Remuneration Policy approved by the General Meeting of Shareholders of the Company.

If the General Meeting of Shareholders does not approve the proposed Remuneration Policy, the Company shall pay the remuneration in accordance with the decisions of the relevant bodies granting the remuneration before the consideration of the Remuneration Policy, but such decisions cannot be changed until the Remuneration Policy is approved.

If the Remuneration Policy is approved and the changes to the Remuneration Policy proposed at the Company's General Meeting of Shareholders (new Remuneration Policy) are not approved, the Company shall continue to pay remuneration to Executives in accordance with the existing approved Remuneration Policy and submit the revised policy to the next General Meeting of Shareholders of the Company.

The Company may deviate from the Remuneration Policy if such deviation from the Remuneration Policy is necessary to ensure the Company's long-term interests and business continuity. Such deviations shall be immediately announced in the same manner as the Remuneration Policy itself. If the Company is unable to apply the Remuneration Policy for more than 6 months, the Director of the Company shall review the Remuneration Policy taking into account the changed conditions, prepare the draft revised policy, submit to the Board of the Company to review and, upon approval of the Board, convene the General Meeting of Shareholders of the Company to which the amended Remuneration Policy shall be submitted for approval.

The Remuneration Policy (any amendments or supplements thereto) together with the date and voting results of the General Meeting of Shareholders approving the Remuneration Policy shall be made public on the Company's website without delay after the approval of the Remuneration Policy at the General Meeting of Shareholders.

The Director of the Company is responsible for the preparation of the Remuneration Policy. The Board of the Company shall be responsible for the ongoing review of the Remuneration Policy and implementation of its provisions.

When amending the Remuneration Policy, along with the amendments it shall submitted to the General Meeting of Shareholders (i) descriptions and explanations of significant changes in the Remuneration Policy; (ii) if the Remuneration Policy being amended has already been discussed at the General Meeting of Shareholders but not approved, - the arguments specified in the resolution of the General Meeting of Shareholders; and (iii) all remuneration reports approved after the last vote on the Remuneration Policy of the Company's General Meeting.

### Remuneration report

Upon the end of the financial year, the Company prepares a remuneration report detailing the remuneration of the Manager of the company and members of the Company's elected bodies, including any bonuses of any kind not provided for in the Remuneration Policy, granted for the last financial year. Remuneration report is presented to the Company's Annual General Meeting of Shareholders.

The remuneration report shall contain the following information regarding remuneration of Manager of the company and each individual member of the Company's elected bodies:

- the total remuneration split out by component, the relative proportion of fixed and variable remuneration, an explanation how the total remuneration complies with the adopted Remuneration Policy, including how it contributes to the long-term performance of the Company, and information on how the performance criteria were applied;
- the annual change of remuneration, of the performance of the Company, and of average remuneration on a full-time equivalent basis of employees of the Company, if there are any other employees other than directors, over at least the five most recent financial years, presented together in a manner which permits comparison;
- any remuneration received from any undertaking more than 50 percent of shares of which is owned by the Company;
- information on any deviations from the implementation of the Remuneration Policy.

The Remuneration report also includes information on the Company's share options;

- indicates the maximum number of shares approved by the General Meeting of Shareholders in that year, for which the Employees may be offered option agreements in the current year;
- the total number of shares for which option agreements were signed in that year, the agreed share purchase price and the year of share acquisition;
- Indicate the total number of shares acquired by employees under option agreements during the year.

Shareholders attending the Annual General Meeting of Shareholders to which the remuneration report is submitted shall have the right to submit their comment. The Company shall explain in the following remuneration report how the comments submitted by the shareholders has been taken into account.

In order to provide shareholders with easy access to the remuneration report and potential investors and stakeholders to access the remuneration information, the Company's remuneration report shall be made publicly available on the Company's website after the General Meeting.

The Company does not include in the remuneration report special categories of personal data of individual person (within the meaning of Article 9(1) of Regulation (EU) 2016/679 of the European Parliament and of the Council) or personal data which refer to the family situation of individual person. The Company shall process the personal data included in the remuneration report for the purpose of increasing corporate transparency.

The Company shall keep the personal data of the Executives' included in the remuneration report for a maximum of ten years from the date of publication of the remuneration report. After the expiry of the ten-year period, the Company shall remove all personal data from the remuneration report and shall no longer publish the entire remuneration report.