



# Notice of the Extraordinary General Meeting of Shareholders

23 August 2022 (updated on 13 September 2022)



## Extraordinary General Meeting of Shareholders of AB “Ignitis grupė”

On 23 August 2022, the Management Board of AB “Ignitis grupė” (hereinafter – the Group or the Company), company code: 301844044, registered office address: Laisvės Ave. 10, Vilnius, decided to convene an Extraordinary General Meeting (hereinafter – EGM) of Shareholders to be held on

**29 September 2022, 13.00 pm (Vilnius time) at**

**Business Garden Vilnius verslo centras, Laisvės Ave. 10, Vilnius, LT-04215**

**Registration starts at 12.00 pm and closes at 12.45 pm (Vilnius time)**

With continued uncertainty around the status of the COVID-19 pandemic, the Group:

- kindly asks to be informed about the need to attend the EGM of Shareholders in person no later than 2 business days prior (or by 27 September 2022 inclusive) to the EGM of Shareholders by e-mail [IR@ignitis.lt](mailto:IR@ignitis.lt);
- reserves the right to not allow shareholders and/or shareholder representatives whose health condition is reasonably doubtful to participate in the EGM of Shareholders.

The agenda for the EGM of Shareholders, which was supplemented, following the proposal of the Group’s Management Board of 13 September 2022, with agenda items 4 and 5 and draft resolutions, and the proposed draft resolutions are as follows:

No.	Item	Proposed resolution	Arguments
1.	Regarding the assent to the consolidated interim report of AB “Ignitis grupė” for the six months period ended 30 June 2022.	“1.1. To assent to the consolidated interim report of AB “Ignitis grupė” for the six months period ended 30 June 2022 (enclosed).”	Enclosed
2.	Regarding the approval of the set of audited interim condensed financial statements of AB “Ignitis grupė” for the six months period ended 30 June 2022.	“2.1. To approve the set of audited interim condensed financial statements of AB “Ignitis grupė” for the six months period ended 30 June 2022 (enclosed).”	Enclosed
3.	Regarding the allocation of dividends to the shareholders of AB “Ignitis grupė” for a period shorter than the financial year.	“3.1. Given the fact that all the conditions set out in Article 60 <sup>1</sup> (5) of the Law on Companies of the Republic of Lithuania regarding the allocation of dividends for a period shorter than the financial year are met, to allocate EUR 0.624 per ordinary registered share of AB “Ignitis grupė”, by paying dividends of EUR 45,170,711.04 in total to the shareholders of AB “Ignitis grupė” for the six months period ended 30 June 2022.”	Annex 1
4.	Regarding the approval of the updated Remuneration Policy of AB “Ignitis grupė” group of companies.	“4.1. To approve the updated Remuneration Policy of AB “Ignitis grupė” group of companies (enclosed).”	Annexes 2–4
5.	Regarding the remuneration of the members of the Supervisory Board of AB “Ignitis grupė”	“5.1. In accordance with the updated Remuneration Policy of AB “Ignitis grupė” group of companies, to determine, as of 1 October 2022, the following fixed remuneration per calendar month for the members of the Supervisory Board of AB “Ignitis grupė”: 5.1.1. for an independent member of the Supervisory Board of AB “Ignitis grupė” – 1/4 of the average monthly salary of the CEO of AB “Ignitis grupė” (before tax), calculated on the basis of the actual data on the payments of remuneration for the year 2021 (by rounding it to the whole number of tens); 5.1.2. if an independent member of the Supervisory Board of AB “Ignitis	Annex 5

	<p>grupė” is elected Chair of the Supervisory Board, during the term of office of the Chair – 1/3 of the average monthly salary of the CEO of AB “Ignitis grupė” (before tax), calculated on the basis of the actual data on the payments of remuneration for the year 2021 (by rounding it to the whole number of tens);</p> <p>5.1.3. for a civil servant holding the position of a member of the Supervisory Board of AB “Ignitis grupė” – 1/8 of the average monthly salary of the CEO of AB “Ignitis grupė” (before tax), calculated on the basis of the actual data on the payments of remuneration for the year 2021 (by rounding it to the whole number of tens).</p> <p>5.2. To authorise the CEO of AB “Ignitis grupė” (with the right to sub-authorise) to sign agreements with the members of the Supervisory Board of AB “Ignitis grupė” regarding the amendment of the contracts for the activities of a member of the Supervisory Board of “Ignitis grupė” and for the activities of an independent member of the Supervisory Board of “Ignitis grupė” in accordance with the terms and conditions laid down in Paragraph 5.1 of this resolution.”</p>	
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## Other information

### Share capital and voting rights

The Group's share capital is EUR 1,616,445,476.80, divided into 72,388,960 ordinary registered shares with a nominal value of EUR 22.33 per share. Each share carries one vote.

### Agenda

The agenda of the EGM of Shareholders of the Group may be supplemented on the initiative of shareholders whose shares held in the Group carry at least 1/20 of all votes at the EGM of Shareholders of the Group. The proposal to supplement the agenda of the respective EGM of Shareholders shall be accompanied by draft resolutions or, where no resolutions have to be passed, by explanations on each proposed agenda item of the EGM of Shareholders. The agenda shall be supplemented if the proposal is received no later than 14 days before the respective EGM of Shareholders.

Shareholders whose shares held in the Group carry at least 1/20 of all votes at the EGM of Shareholders shall have the right to propose, at any time before or during the EGM of Shareholders of the Group, new draft resolutions on issues that are included or will be included in the agendas of the EGM of Shareholders of the Group. Proposals on the supplementation of the respective agenda or relevant draft resolutions shall be submitted in writing to the Group, Laisvės Ave. 10, Vilnius, or by e-mail [IR@ignitis.lt](mailto:IR@ignitis.lt).

### Record date of attendance and voting rights

Shareholders holding shares in the Group on the fifth business day before the date of the EGM of Shareholders (record date) are entitled to attend and vote at the EGM of Shareholders.

The date of registration (or record date) is 22 September 2022. At the end of the date of registration, the shareholding and voting rights are determined based on the ownership recorded in the shareholders' register. Furthermore, attendance at the EGM of Shareholders is at the discretion of the shareholder.

### Voting

A shareholder or his authorised representative who is unable to attend the EGM of Shareholders may vote in writing in advance (by filling in and submitting the general ballot paper).

#### **Obtaining a general ballot paper**

- It may be downloaded from the Group's website: <https://ignitisgrupe.lt/en/gm>
- Upon a written request, the Group shall send a general ballot paper by registered mail or deliver it to the shareholder with a signed acknowledgement of receipt at least 10 days prior (or by 19 September 2022) to the EGM of Shareholders

#### **Ways of submitting a general ballot paper**

- A general ballot paper, completed and signed by qualified electronic signature, shall be submitted by emailing [IR@ignitis.lt](mailto:IR@ignitis.lt)  
or
- A general ballot paper, completed and signed by qualified electronic signature, shall be submitted to the Group by registered mail or delivered to AB "Ignitis grupė", Laisvės Ave. 10, Vilnius, LT-04215, Lithuania, attn. Ainė Riffel-Grinkevičienė, no later than before the EGM of Shareholders, i.e., no later than 29 September 2022, 12.45 pm.

**Important:** if the general ballot paper is signed by an authorised person, a document confirming the right to vote must be submitted as well.

- Detailed instructions on signing and submitting the general ballot paper to the Group are also available on the Group's website: <https://ignitisgrupe.lt/en/gm>

The Group shall reserve the right not to include the advance vote of a shareholder or his/her authorised representative, if the submitted general ballot papers do not conform to the provisions of Article 30(3) and (4) of the Law on Companies

of the Republic of Lithuania or they are received after the end of deadline or filled in such manner that it is impossible to establish the true will of the shareholder on a separate issue.

### ***Voting under the power of attorney***

Persons shall have the right to vote under the power of attorney in the EGM of Shareholders. Power of attorney shall state in a written document that one person (the principal) grants to another person (the authorised representative) the right to represent the principal in establishing and maintaining relation with the third party. An authorisation to perform actions on behalf of a natural person that pertain to legal entities must be notarised, except in cases provided by the law and authorising the granting an authorisation in any other form. A power of attorney issued abroad must be translated into Lithuanian and legalized in accordance with the procedure established by law. The Group does not establish a special form of power of attorney. Authorised representatives must hold the power of attorney as provided by law, which must be submitted before the EGM of Shareholders. The authorised representative shall enjoy the same rights in the convened EGM of Shareholders as his/her represented shareholder would.

Shareholders entitled to attend the EGM of Shareholders shall have the right to authorise a natural person or a legal entity using electronic means of communication to attend and vote on their behalf at an EGM of Shareholders. Such authorisation does not need to be notarised. The Group shall acknowledge authorisation granted by electronic means of communication only if the shareholder signs it by electronic signature generated by safe software and certified by a qualified certificate applicable in the Republic of Lithuania, i.e., if the security of the conveyed information is ensured and the identity of the shareholder can be established. The shareholder must notify the Group in writing about granted authorisation by electronic means of communication by sending an authorisation by e-mail to [IR@ignitis.lt](mailto:IR@ignitis.lt) no later than until the EGM of Shareholders.

### **Questions**

Any shareholder of the Group may present questions related to the agenda of the EGM of Shareholders of the Group. Such questions must be submitted by e-mail to [IR@ignitis.lt](mailto:IR@ignitis.lt) or delivered to the Group, Laisvės Ave. 10, Vilnius, Lithuania, attn. Ainė Riffel-Grinkevičienė no later than 3 working days (or by 26 September 2022 inclusive) before the EGM of Shareholders. After receiving the questions, the answers will be provided to the Group's shareholders in accordance with the procedure established by the Law on Companies of the Republic of Lithuania, i.e., at the same time for all shareholders of the Group prior to the EGM of Shareholders in the form of questions and answers on the website of the Group at <https://ignitisgrupe.lt/en/gm>.

### **Webcast**

The EGM of Shareholders will not be webcasted.

### **Language**

The EGM of Shareholders will be held in Lithuanian with simultaneous interpretation to English.

### **Available information**

All statutory information related to the convened EGM of Shareholders and annexes to issues on the agenda of such meeting will be available on the website of the Group at <https://ignitisgrupe.lt/en/gm> and other informational sources based on the procedures established by law.

### **Other information**

Electronic means of communication shall not be used for the participation and voting at the EGM of Shareholders.



## Annex 1: Regarding the allocation of dividends to the shareholders of AB “Ignitis grupė” for a period shorter than the financial year ended 30 June 2022

The Group’s Dividend Policy (hereinafter – the Dividend Policy), which was approved by the Group’s Management Board on 3 September 2020, is based on the initial fixed amount of EUR 85 million allocated for the financial year 2020, with a minimum increase of 3% for each subsequent financial year.

It should be noted that EUR 85 million were paid by the Group to the Group’s shareholders for the financial year 2020 and EUR 87.6 million for the financial year 2021. Under the Dividend Policy, the Group should pay at least EUR 90.2 million in dividends for the financial year 2022.

After receiving a statement from the Ministry of Finance of the Republic of Lithuania (hereinafter – the Majority Shareholder) on 29 July 2022 with a proposal to allocate dividends for the first half of 2022, the Group proposes to allocate half of the dividend for the reporting period ended 30 June 2022 which could be paid under the Dividend Policy for the financial year 2022, i.e. the Group proposes to allocate EUR 45,170,711.04, or a dividend of EUR 0.624 per ordinary registered share. It should be noted that, due to rounding, EUR 90.3 million in total, or a dividend of EUR 1.248 per ordinary registered share, could be paid to the shareholders for the financial year 2022.

According to Article 18.10 of the Articles of Association of the Group, the General Meeting of Shareholders makes a decision regarding the allocation of dividends for a period shorter than the financial year. Article 32 (7) of the Law on Companies of the Republic of Lithuania and Article 30.5 of the Articles of Association of the Group provide that the Supervisory Board of the Group submits its comments and proposals to the General Meeting of Shareholders regarding the allocation of dividends for a period shorter than the financial year, a set of interim financial statements and an interim report drawn up for the purpose of making a decision. Accordingly, the Supervisory Board, by decision of 8 September 2022, after taking into account the opinion of the Nomination and Remuneration Committee of the Supervisory Board of the Group of 8 September 2022, provided the opinion to the Extraordinary General Meeting of Shareholders of the Group regarding the proposed decisions below:

1. To assent to the consolidated interim report of AB “Ignitis grupė” for the six months period ended 30 June 2022.
2. To approve the set of audited interim condensed financial statements of AB “Ignitis grupė” for the six months period ended 30 June 2022.
3. Given the fact that all the conditions set out in Article 60<sup>1</sup> (5) of the Law on Companies of the Republic of Lithuania regarding the allocation of dividends for a period shorter than the financial year are met, to allocate EUR 0.624 per ordinary registered share of AB “Ignitis grupė”, by paying dividends of EUR 45,170,711.04 in total to the shareholders of AB “Ignitis grupė” for the six months period ended 30 June 2022.”.

## Annex 2: Arguments regarding the proposals to approve the updated Remuneration Policy of AB “Ignitis grupė” group of companies

Article 37<sup>3</sup>(1) of the Law on Companies of the Republic of Lithuania provides that a public limited liability company whose shares are admitted to trading on a regulated market must approve a remuneration policy. The remuneration policy must apply at least to the CEO and members of the Management Board and the Supervisory Board of the company.

The currently valid version of the Remuneration Policy of AB “Ignitis grupė” group of companies (hereinafter – the Remuneration Policy or the Policy) was approved by the resolution of the General Meeting of Shareholders of AB “Ignitis grupė” on 29 March 2022.

Following the assessment of the legal framework and in order to ensure a unified remuneration system within the Company’s group of companies, an updated Remuneration Policy has been developed and is presented.

Changes to the Remuneration Policy are proposed for the following reasons:

- (i) For the sake of transparency, the concept of key executives has been narrowed down to only those positions that are clearly specified in the Policy (Clause 2.17 of the Policy).
- (ii) In order to speed up decisions on the remuneration of the employees of Group companies which operate in foreign countries and of the Company’s subsidiaries, the competence of the Company’s Supervisory Board (hereinafter – SB) and the competence of the Company’s Management Board to decide on the application and control of exceptions to the Remuneration Policy have been separated (Clause 3.5 of the Policy).
- (iii) In order to make the concept of the expatriate’s financial package more specific and divide the competences between the Company’s SB and Management Board in determining the regulation of its application (Clause 5.1.7 of the Policy).
- (iv) In order to speed up decisions on attracting the necessary expertise and on determining remuneration under market conditions, the updated Remuneration Policy provides for a possibility to apply a different salary range to positions covered by a specialised remuneration system (Clause 10 of the Policy) and establishes the SB’s right to approve additional financial incentives to the CEOs and members of the Executive Boards of Group companies, ensuring that such additional financial incentives do not exceed a fixed base salary (hereinafter – FBS) during the respective period (Clause 12.2 of the Policy).
- (v) Also, in order to ensure a clear separation of competences between the SB and the Management Board of the Company, a rule is laid down that the FBS, exceeding the maximum level of the salary range set for the respective job level, may be determined for an employee in accordance with the procedure laid down by the Company’s Management Board, and it may be determined for a Key Executive after obtaining agreement from the SB (Clause 8.1 of the Policy).
- (vi) In accordance with Article 17(1)(d) of the Law on the Civil Service of the Republic of Lithuania and the Description of the Procedure for the Payment of Remuneration to Members of the Collegial Bodies of State-Owned Enterprises and Municipal-Owned Enterprises, as approved by Resolution No 794 of the Government of the Republic of Lithuania of 3 August 2022, a possibility to pay remuneration to civil servants holding the position of a member of a collegial body in Group companies has been included and the procedure for the payment of, and the amounts of, remuneration of the members of the collegial bodies of the Group have been amended (Paragraph 11 and Annex 2 of the Policy).
- (vii) Other related technical and corrective adjustments have been made.

By its decisions of 2 August 2022 and 13 September 2022, the Management Board agreed to the updated Remuneration Policy of AB “Ignitis grupė” group of companies, and it was decided to submit it for approval to the General Meeting of Shareholders of AB “Ignitis grupė”.

In addition, pursuant to Article 30.15 of the Articles of Association of the Company and Article 31(1)(9) of the Law on Companies, the Supervisory Board of the Company, taking into account the opinion of the Nomination and Remuneration Committee of the Supervisory Board of the Company, has given its opinion to approve to the amendments of the Remuneration Policy described above by its decisions of 8 September 2022.

## Annex 3: The updated Remuneration Policy of AB “Ignitis grupė” group of companies

### REMUNERATION POLICY OF AB “IGNITIS GRUPĖ” GROUP OF COMPANIES

AB “Ignitis grupė” group of companies (hereinafter - the Group) applies a remuneration policy in order to maintain employee motivation and respond to shareholders’ expectations for sustainable, socially responsible development by creating a modern, international, competitive energy Group. The development of the Group must take into account economic, environmental and social aspects of the activity. Its development must strengthen synergies between financial and non-financial return goals and respond to the Group’s strategy of creating an energy-smart world and desire to change in order to make the world more sustainable. The remuneration policy contributes to the implementation of the Group’s strategy by promoting sustainability, responsible growth and value creation for shareholders.

The remuneration policy aims to attract and retain competent, fast-learning, technologically advanced, globally minded and creative employees, to avoid conflicts of interest in determining the remuneration of executives and to apply the remuneration policy in a way that avoids any discrimination.

The Supervisory Board of AB “Ignitis grupė” is a collegial supervisory body elected by the Parent Company’s General Meeting of Shareholders. For the effective performance of the Supervisory Board’s functions and responsibilities in the field of remuneration, the Supervisory Board of AB “Ignitis grupė” has set up a Nomination and Remuneration Committee to assess and make proposals on the Group’s long-term remuneration policy, to monitor the compliance of the Group’s remuneration policy with international practice and recommendations of good governance practice and to make appropriate proposals for the improvement of the remuneration policy. The Parent Company’s Supervisory Board and the Nomination and Remuneration Committee ensure the proper functioning of the conflict of interest prevention system when making decisions on the remuneration system.

#### 1. PURPOSE AND SCOPE OF APPLICATION

- 1.1. **Purpose:** to establish unanimously fair, clear and transparent principles of remuneration for the employees of AB “Ignitis grupė” group of companies and an employee remuneration system based on them.
- 1.2. **Scope of application:** applies to all companies of AB “Ignitis grupė” group of companies.

#### 2. TERMS AND ABBREVIATIONS USED IN THE REMUNERATION POLICY

- 2.1. **Parent Company** – AB “Ignitis grupė” (legal entity code 301844044).
- 2.2. **LoC** – Law on Companies of the Republic of Lithuania.
- 2.3. **Remuneration Policy** – remuneration policy of AB “Ignitis grupė” group of companies; this document.
- 2.4. **Salary Ranges** – minimum and maximum FBS thresholds for each Job Level.
- 2.5. **Midpoint of the Salary Range** – the median value of the Salary Range determined for each Job Level.
- 2.6. **Median of the Salary Market** – value compared to which 50 percent of market participants receive higher remuneration and 50 percent receive lower remuneration. The Median of the Salary Market is determined for each Job Level.
- 2.7. **Labour Code** – Labour Code of the Republic of Lithuania.
- 2.8. **Employee** – a person who has an employment relationship with the Parent Company and/or a Company, including the CEOs, Key Executives, members of the Executive Boards, unless otherwise specified in the Remuneration Policy.
- 2.9. **Group** – the Parent Company and its subsidiaries (including lower-tier subsidiaries as well as subsidiaries with their registered offices abroad) in which the Parent Company directly and/or indirectly holds the majority of the votes or may directly or indirectly exercise a decisive influence, as defined in Article 5 of the LoC.
- 2.10. **Objectives of the Group** – annual objectives of AB “Ignitis grupė”, which, based on the Parent Company’s strategic plan, are determined and their achievement is assessed by the SB.
- 2.11. **EICP** – positions operating in the environment of intense competition, the criteria and list of which are approved by the Executive Board of the Parent Company.
- 2.12. **Company** – a Group company, except for AB “Ignitis grupė”.
- 2.13. **Short-Term Incentives (STI)** – part of Remuneration that is paid for the agreed and measurable results of the Employee’s performance evaluation.
- 2.14. **Collegial Body** – a collegial management body – the Board and/or a supervisory body – the Supervisory Board, as specified in the Parent Company’s and/or Companies’ founding documents.
- 2.15. **Non-Compete Compensation** – compensation paid to the Employee for compliance with the non-compete obligations specified in the non-compete agreement concluded with his/her employer (the Parent Company and/or a Company).
- 2.16. **Key Executives** – Employees holding the position of members of the Parent Company’s Executive Board (including the Chairman of the Management Board), as well as CEOs of AB “Energijos skirstymo operatorius”, UAB “Ignitis”, AB “Ignitis gamyba” and UAB “Ignitis renewables”.
- 2.17. **Additional Benefits** – a set of measures of a financial and non-financial nature aimed at additional promotion and motivation of Employees.



- 2.18. **Job Level** – a relative estimate by which a job is evaluated and which reflects the relative value of the job in the Group.
- 2.19. **Job Structure** – Employee jobs grouped into levels according to the value created by the job activity.
- 2.20. **Fixed Base Salary (FBS)** – the base pay of the Employee which is determined in the employment contract, taking into account the Employee's Job Level and the competence of the Employee.
- 2.21. **NRC** – Nomination and Remuneration Committee of the Supervisory Board of the Parent Company.
- 2.22. **Appointing Body** – the body electing the members of a single-person or collegial body specified in the Articles of Association of the Parent Company and Companies.
- 2.23. **SB** - Supervisory Board of the Parent Company.
- 2.24. **Direct Supervisor** – a manager who, in accordance with the organisational and functional structure and job descriptions of the Parent Company and/or a Company, has been granted the authority and responsibility to coordinate and organise the activities of the Employees, as well as an Employee acting as a manager.
- 2.25. **CEO** – a single-person management body of the Parent Company and/or a Company.
- 2.26. **Executive Board** – Employees of the Parent Company or a Company holding the position of members of the Board in the same company.
- 2.27. **Total Remuneration** – total monetary remuneration paid to the CEOs and members of the Executive Boards of the Parent Company and Companies, which consists of the FBS, STI and the remuneration of a member of the Collegial Body of the Parent Company or a Company (if any).

### 3. GENERAL PROVISIONS

- 3.1. The Group remuneration system is formed taking into account the following principles, which are applied all together:
  - 3.1.1. internal fairness – equal remuneration for the same or equivalent work (creating equal value);
  - 3.1.2. external competitiveness – Employees shall be paid a remuneration that is competitive with respect to the labour market of the country where the Employees work;
  - 3.1.3. clarity – the amount of remuneration must be determined on the basis of clear criteria for performance results, Employee competencies and qualifications, of which the Employee must be informed;
  - 3.1.4. transparency – the aim is that decisions on the determination and management of Remuneration are made on the basis of objective and clear criteria and that these criteria are publicly available to the Employees and the public, therefore, this Remuneration Policy is made public;
  - 3.1.5. equal opportunities and non-discrimination – decisions on remuneration must be made in accordance with the provisions set out in the Remuneration Policy and the [Policy of Equal Opportunities and Diversity in force in the Group](#).
- 3.2. There is no possibility of deferral of Remuneration and recovery of STI in the Parent Company and Companies.
- 3.3. The procedure for making decisions related to the implementation of the provisions of the Remuneration Policy is provided in Annex 1 to the Remuneration Policy.
- 3.4. The Remuneration Policy shall apply to all Employees.
- 3.5. The application of exceptions to the Remuneration Policy to Companies operating in foreign countries shall be decided by the Executive Board of the Parent Company, taking into account the differences in the salary market and the legal regulation of the respective state.
- 3.6. The Remuneration Policy shall be detailed in the internal legal acts of the Group and/or the Parent Company and/or a Company, which must not contradict this Remuneration Policy.
- 3.7. The provisions of the Remuneration Policy shall be applied taking into account the requirements of the LoC, the Labour Code or a relevant legal act of a foreign state, collective agreements as well as other legal acts. If there are discrepancies between legislation and the Remuneration Policy, the Remuneration Policy shall apply to the extent that it does not contradict the legislation.
- 3.8. This Remuneration Policy shall be published on the Parent Company's website.

### 4. SETTING OF OBJECTIVES AND EVALUATION OF THEIR ACHIEVEMENT

- 4.1. The Group aims to create an organisational culture that achieves its objectives, therefore, the remuneration system aims to promote behaviours related to the achievement of the objectives set for the Parent Company and a Company, teams, and Employees.
- 4.2. Long-term strategic objectives for a 4 (four) year period for Key Executives are set based on the Parent Company's strategic plan.
- 4.3. Annual targets for the CEOs and members of the Executive Boards of the Parent Company and Companies are set in accordance with the strategic plans, action plans and annual budgets of the Parent Company and Companies. The objectives of the CEO and members of the Executive Board of the Parent Company are the same as the annual objectives of the Parent Company approved by the SB.
- 4.4. Annual, semi-annual or quarterly targets for other Employees not specified in Clauses 4.2 and 4.3 of the Remuneration Policy are set based on the targets of the Group and/or Companies.
- 4.5. The achievement of the set targets is monitored at least quarterly.
- 4.6. The achievement of the set targets is evaluated according to the percentage of their achievement.

### 5. REMUNERATION COMPONENTS

- 5.1. Remuneration in the Group may consist of:

- 5.1.1. **FBS** – Fixed base salary;
- 5.1.2. **STI** – Short-Term Incentives;
- 5.1.3. **Remuneration of a member of the Parent Company's or a Company's Collegial Body or committee** – payment for activities in the management and/or supervisory bodies of the Parent Company or Companies or their committees, as specified in Clause 11 of the Remuneration Policy;
- 5.1.4. **Additional payment for overtime work, work on days off or public holidays or at night and other bonuses** paid in accordance with the Labour Code or a relevant legal act of a foreign state or collective agreements;
- 5.1.5. **Additional financial incentives** – financial incentives that may be paid for participation in initiatives outside the direct job functions of the Employee as well as for extraordinary results, innovations in implementing the Group's strategic priorities, extraordinary value creation in the Group and in other cases where this is provided for in the collective agreements of Companies;
- 5.1.6. **Additional benefits** – financial and non-financial measures or their equivalent which are designed to promote Employee motivation and loyalty, help reconcile work and leisure, achieve better performance and increase the attractiveness of the employer by increasing Employee satisfaction in the organisation, maintaining an impeccable reputation, transparency of activities, social responsibility, opening opportunities for Employee self-realisation, career, etc. Additional benefits provided to Employees are detailed in the Group's internal legal acts or collective agreements;
- 5.1.7. **Expatriate's financial package** – reimbursement of additional expenses related to the relocation of an Employee from one country to another due to his/her job functions on the employer's instructions. The Expatriate's financial package can be used to attract talents from foreign countries to the Parent Company and Companies. The Expatriate's Financial Package Application Guidelines shall be set out by the SB, in accordance with the opinion of the NRC, and the provisions detailing their implementation shall be laid down by the Executive Board of the Parent Company.

## 6. JOB STRUCTURE

- 6.1. The remuneration system is based on the Group's Job Structure, which consists of jobs divided into Job Levels. A methodology recognised in international remuneration practice is used to assess and determine a Job Level.
- 6.2. A Job Level is determined by assessing the following criteria:
  - 6.2.1. **Knowledge** – qualification, competence, experience, special knowledge and education required for the position;
  - 6.2.2. **Problem solving** – the complexity and uniqueness of the decisions made and of the problems analysed by the position;
  - 6.2.3. **Responsibility** – the impact of the duties performed by the position on the Group's performance.
- 6.3. Jobs in the Group may be evaluated by external consultants, an internal Group-wide job evaluation committee and/or during the calibration of positions.
- 6.4. Job Levels are reviewed as necessary in the event of a new job, a change in the functions and/or responsibilities of the position. Job Levels are determined and reviewed in accordance with the procedure set out by the Head of Group People and Culture.
- 6.5. The structure of the Group's jobs is mandatory for the Parent Company and all Companies.
- 6.6. The Job Structure is posted on the Parent Company's intranet and is available to all Employees.

## 7. PRINCIPLES FOR DETERMINING SALARY RANGES

- 7.1. In order to ensure the competitiveness of remuneration and to encourage the Employees to achieve results, the focus is placed on the Median of the Salary Market of the respective state in which the Parent Company or a Company operates. Depending on the competitive environment of a Company operating in a foreign country and the strategic objectives set for the Company, a different Salary Range (higher or lower) than the Median of the Salary Market may be set. A different Salary Range may also be determined for positions covered by a specialised remuneration system as specified in Clause 10 of the Remuneration Policy.
- 7.2. In order to ensure the principle of external competitiveness, Salary Ranges may be determined and reviewed annually, taking into account the data and forecasts of a chosen salary survey company and a national salary survey as well as salary market trends.
- 7.3. Salary Ranges are determined for each Job Level based on the Median of the Salary Market. The aim is to set the Midpoint of the Salary Ranges as close as possible to the Median of the Salary Market.
- 7.4. The limits of the Salary Ranges for each Job Level, in comparison with the Midpoint of the Salary Range, are set within the range of 80–120%.
- 7.5. In order to ensure external competitiveness, an adjusting remuneration coefficient is set for Salary Ranges for EICP. Members of the Executive Boards and CEOs of the Parent Company and Companies are not included in the list of EICP.
- 7.6. Group Salary Ranges are mandatory for the Parent Company and all Companies.

## 8. PRINCIPLES FOR DETERMINING AND REVIEWING THE FIXED BASE SALARY (FBS)

- 8.1. The Employee's FBS is determined and may be changed within the Salary Range determined for the respective Job Level, taking into account the Employee's experience, competence and performance. As a general rule, the FBS may not exceed the maximum level of the Salary Range. The FBS, exceeding the maximum level of the Salary Range set for the respective Job Level, may be determined for the Employee

- in accordance with the procedure laid down by the Parent Company's Executive Board, and it may be determined for a Key Executive after obtaining agreement from the SB.
- 8.2. The annual FBS review process in the Parent Company and/or a Company is not guaranteed and unconditional, i.e. the annual review of the FBS is affected by:
    - 8.2.1. percentage of the achievement of the Parent Company's and/or a Company's performance results and objectives;
    - 8.2.2. changes in the salary market (positive and negative) in the country where the Employee works.
  - 8.3. The Employees' FBS is reviewed annually during the annual FBS review process, following the annual Employee performance review. The individual review of the Employee's FBS is affected by:
    - 8.3.1. achievement of the objectives set for the Employee, positive assessment of competence growth and values;
    - 8.3.2. comparison of the individual Employee's FBS with the Midpoint of the Salary Range set for the respective Job Level.
  - 8.4. The proposal to determine or review the size of the FBS of the Employee, except for the CEOs and members of the Executive Boards of the Parent Company and Companies, shall be submitted by his/her Direct Supervisor after receiving the approval of the senior manager.
  - 8.5. The proposal to determine or review the size of the FBS of the members of the Parent Company's and Companies' Executive Boards shall be submitted by the Direct Supervisor.
  - 8.6. The proposal to determine or review the size of the FBS of the CEOs of the Parent Company and Companies shall be submitted by the Executive Board of the Parent Company.
  - 8.7. Outside the annual review, the Employee's FBS may be reviewed due to structural changes in the Parent Company and/or a Company or the Employee's internal career when the Employee's Job Level changes, as well as in other reasonable and objective cases to ensure the continuity of the activities of the Parent Company and/or a Company and/or its structural unit, in accordance with the procedure established by internal legal acts.

#### 9. DETERMINATION AND PAYMENT OF SHORT-TERM INCENTIVES (STI)

- 9.1. The amount of STI for the CEOs and members of the Executive Boards of the Parent Company and Companies shall not exceed 20 (twenty) % of their FBS for the period for which STI are paid.
- 9.2. For Employees other than those specified in Clause 9.1 of the Remuneration Policy, the amount of STI shall not exceed 10 (ten) % of their FBS for the period for which STI are paid.
- 9.3. For positions that have strategic responsibilities and/or have a significant impact on the Group's performance, other than those specified in Clause 9.1 of the Remuneration Policy, STI shall not exceed 20 (twenty) % of their FBS for the period for which STI are paid.
- 9.4. Specialised remuneration systems, as specified in Clause 10 of the Remuneration Policy, shall apply to individual groups of Employees, positions or Employees employed in Companies operating in a foreign country, for whom a different STI determination or motivation system is needed in order to promote the achievement of specific performance results according to market or business needs.
- 9.5. STI are awarded once a year (payment may be made in instalments) to the CEOs and members of the Executive Boards of the Parent Company and a Company, and once a year, semi-annually or quarterly to other Employees in accordance with the procedure established by internal legal acts, depending on the achievement of specific and measurable goals or indicators.

#### 10. ESTABLISHMENT OF A SPECIALISED REMUNERATION SYSTEM

- 10.1. In order to achieve the flexibility of the remuneration system and the necessary impact on the achievement of the Group's strategic objectives, specialised remuneration systems may be established in the Group as needed for jobs involving direct sales, wholesale of electricity, natural gas, liquefied natural gas and/or other energy products and related services, trading in derivatives or products, energy supply management and planning, implementation/development of renewable energy projects, etc.

#### 11. DETERMINATION OF THE REMUNERATION OF THE MEMBERS OF THE COLLEGIAL BODIES OF THE PARENT COMPANY AND COMPANIES

- 11.1. Remuneration for activities in the Collegial Bodies of the Parent Company and Companies shall be paid to:
  - 11.1.1. members of the Executive Boards of the Parent Company and Companies;
  - 11.1.2. independent members of Companies' Boards;
  - 11.1.3. independent members of the Parent Company's and Companies' Supervisory Boards;
  - 11.1.4. independent members of the Parent Company's Audit Committee and the Parent Company's SB committees;
  - 11.1.5. Employees' representatives holding the positions of members of the Parent Company's or Companies' Collegial Bodies, if provided for by the Articles of Association of the Parent Company or a Company;
  - 11.1.6. civil servants holding the position of members of the Collegial Bodies of the Parent Company or Companies;
  - 11.1.7. Employees of the Parent Company or Companies holding the position of members of the Collegial Bodies of other Companies operating in foreign countries, if required by the legislation of the respective state.
- 11.2. Remuneration for activities in the Collegial Bodies of the Parent Company and Companies shall not depend on the performance results of the Parent Company or a Company.

- 11.3. The monthly amount of remuneration of independent SB members, civil servants holding the position of SB members, and members of the Audit Committee of the Parent Company shall be determined by the General Meeting of Shareholders of the Parent Company by its decision.
- 11.4. The amounts of the monthly remuneration of the members of the Parent Company's and Companies' Collegial Bodies for their activities in the Parent Company's and Companies' Collegial Bodies are specified in Annex 2 to the Remuneration Policy.
- 11.5. The remuneration of the members of the Parent Company's SB for participation in the activities of the committees shall be included in their remuneration for the activities in the SB, and they shall not receive additional remuneration for the activities in the committees.
- 11.6. The remuneration of a member of a Collegial Body shall be determined, at the time of the appointment of the Collegial Body, for the entire term of office of the Collegial Body. If individual members of a Collegial Body are elected prior to the expiry of the term of office of the existing Collegial Body, the same amount of remuneration shall be determined for them as for members of the existing Collegial Body.
- 11.7. When the average monthly salary of the CEO is used to calculate the amount of the remuneration of members of Collegial Bodies, it shall be determined, at the time of the appointment of a Collegial Body, on the basis of the actual data on the payments of remuneration for the previous financial year.
- 11.8. The remuneration of the Parent Company's or a Company's Employees for activities in the Collegial Bodies of other Companies shall be included in their remuneration and no additional remuneration shall be paid, unless and to the extent required by law, but not more than 50 (fifty) percent of the SB member's remuneration.
- 11.9. The agreement concluded with a member of the Collegial Body of the Parent Company and a Company regarding the performance of the activities of the member of the Collegial Body of the Parent Company and a Company shall terminate when:
  - 11.9.1. the term of office of a member of the Parent Company's or a Company's Collegial Body expires;
  - 11.9.2. a member of the Parent Company's or a Company's Collegial Body is removed from the Collegial Body or the entire Collegial Body is removed;
  - 11.9.3. a member of the Collegial Body of the Parent Company or a Company resigns or is unable to continue his or her duties in office;
  - 11.9.4. a member of the Parent Company's or a Company's Collegial Body ceases to hold the position of a member of the Collegial Body on any other basis.

## 12. ADDITIONAL FINANCIAL INCENTIVES

- 12.1. Additional financial incentives shall be provided at the initiative and discretion of the employer and shall not be a guaranteed part of the remuneration package.
- 12.2. Additional financial incentives shall not apply to the CEOs and members of the Executive Boards of the Parent Company and Companies, but the SB shall have the right to determine and award additional financial incentives to the CEOs and members of the Executive Boards of Companies for the successful achievement of long-term (longer than one year) strategic objectives set within the scope of developed and/or managed renewable energy projects and/or activities carried out in the green generation segment. The criteria for and objectives of the implementation of such projects shall be determined and approved by the Executive Board of the Parent Company. In all cases, additional financial incentives, referred to in this clause, for the CEOs of Companies and members of the Executive Boards of Companies, together with STI, cannot exceed the amount of the FBS of the CEO of a Company or a member of the Executive Board of a Company during the respective period.

## 13. PROCEDURE FOR PAYMENT OF SEVERANCE PAY

- 13.1. Severance benefits shall be paid to Employees upon termination of their employment contract in accordance with the procedure established by the Labour Code, collective agreements or a relevant legal act of a foreign state and this Remuneration Policy.
- 13.2. Notice periods shall apply to the CEOs of the Parent Company and Companies in the event of termination of employment in accordance with the procedure established by the LoC or a relevant foreign legal act and shall apply to the members of the Executive Boards in the event of termination of employment in accordance with the procedure established by the Labour Code or a relevant foreign legal act.
- 13.3. If a member of a Company's Collegial Body resigns or is removed from office, no benefits or compensations shall be paid due to the termination of the contract on the performance of the Collegial Body member's activities. In such cases, the member of the Parent Company's or a Company's Collegial Body must be paid remuneration for the time actually spent in the performance of activities of the member of the Collegial Body.
- 13.4. Upon termination of the employment contract on any grounds, the Parent Company shall settle with the CEO of the Parent Company in accordance with the procedure established in the employment contract and the Labour Code.
- 13.5. The decision on the severance pay of a Key Executive, if it is higher than provided for in the Labour Code or relevant foreign legislation, and on the amount of the Non-Compete Compensation shall be made by the body removing the Key Executive, having assessed his/her performance, length of service in the Group, the significance of circumstances, commercial risks and potential damage to the Group arising from competition, etc., with the agreement of the Parent Company's Executive Board.

#### 14. PRINCIPLES OF REMUNERATION CONTROL

- 14.1. In determining and reviewing the FBS for Key Executives, the SB shall assess the compliance of their Total Remuneration with the Median of the total target Salary Market (the sum of the FBS, STI and the remuneration of the Collegial Body is compared (if any)).
- 14.2. The SB of the Parent Company may, with the agreement of the NRC, establish or change other principles of remuneration control and management.

#### 15. REMUNERATION POLICY DEVELOPMENT AND APPROVAL PROCESS

- 15.1. The Remuneration Policy shall be approved and changed by the Parent Company's General Meeting of Shareholders, taking into account the requirements of the LoC, the Labour Code or relevant foreign legal acts and after receiving an opinion of the Parent Company's Executive Board, SB and NRC, as well as after completing the information and consultation procedures with the representatives of the Parent Company's and Companies' employees.
- 15.2. When amending the Remuneration Policy, material changes to the Remuneration Policy must be described and explained. If the amended Remuneration Policy has already been discussed at the Parent Company's General Meeting of Shareholders, but it has not been approved – the arguments must be indicated in the decision of the Parent Company's General Meeting of Shareholders. The Remuneration Policy may be amended following the assessment of the general economic situation in the market, the Group's financial performance and changes in the legislation governing the payment of remuneration.
- 15.3. The Remuneration Policy shall be implemented by adopting the decisions set out in the Remuneration Policy and detailed internal legal acts.

#### 16. FINAL PROVISIONS

- 16.1. The Head of Group People and Culture shall be responsible for supervising the implementation of the Remuneration Policy.
- 16.2. Companies shall implement the Remuneration Policy to the maximum extent, ensuring compliance with the provisions of the Companies' Articles of Association, the principles established in the Guidelines for the Corporate Governance of State-Owned Energy Groups, the Labour Code, the Republic of Lithuania Law on Legal Protection of Personal Data, the Republic of Lithuania Law on Electricity and other legal acts in force in the Republic of Lithuania or in the foreign state where a Company is established and carries out its activities. This Remuneration Policy shall apply on a Group-wide basis, without prejudice to the provisions of the European Union's Third Energy Package.



**Annex 1.** Approval and coordination matrix  
Remuneration policy of AB “Ignitis grupė” group of companies

Approved by / Established by (the final decision)*	SB of the Parent	NRC	CEO of the Parent	Executive Board of the Parent	SB of a Company (if Company)	CEO of a Company	Direct Supervisor	Appointing Body
Agreed by*								
<b>Determination and evaluation of long-term strategic objectives for a 4 (four) year period</b>								
Key executives	2	1						
<b>Setting and evaluation of annual objectives</b>								
CEO of the Parent Company	1			2				
Executive Board of the Parent Company	1		2					
CEOs of Companies					1			2
Other Employees							1	
<b>Determination of salary ranges</b>								
Job Levels of Key Executives	2	1						
Other Job Levels				1				
<b>FBS determination and review</b>								
CEO of the Parent Company	1			2				
Parent Company's Executive Board and Head of Internal Audit	1		2					
CEOs of Companies				1	2			3
Members of the Executive Boards of Companies				1		2		
Other Employees of the Parent Company			2				1	
Other Employees of Companies						2	1	
<b>Determination of the amount of STI</b>								
CEO of the Parent Company	1			2				
CEOs of Companies					1			2
Other Employees of the Parent Company			2				1	
Other Employees of a Company						2	1	
<b>Approval of specialised remuneration systems</b>								
All jobs				1				
<b>Determination of the remuneration of the members of Collegial Bodies</b>								
Executive Board of the Parent Company	1							
Members of the SB or Boards of Companies								1
Members of the Executive Boards of Companies					1			

\*The sequence of approval steps is indicated by numbers

**Annex 2.** Amounts of remuneration for the members of the Parent Company's and Companies' collegial bodies for their activities in the collegial bodies  
Remuneration policy of AB "Ignitis grupė" group of companies

1. Amounts of the remuneration of members of the SB of the Parent Company and members of the Collegial Bodies of Companies which are companies of importance for ensuring national security as specified in the Law on the Protection of Objects of Importance for Ensuring National Security of the Republic of Lithuania (hereinafter referred to as Companies of Importance for National Security):

<i>Position of a member of a Collegial Body</i>		<i>Amount of remuneration</i>
I	Independent Chair of the SB of <b>AB "Ignitis grupė"</b>	1/3 x average monthly salary of the CEO
	Independent Chair of the Supervisory Board or the Board of <b>Companies of Importance for National Security</b>	
II	Independent member of the SB of <b>AB "Ignitis grupė"</b>	1/4 x average monthly salary of the CEO
	Independent member of the Supervisory Board or the Board of <b>Companies of Importance for National Security</b>	
III	Civil servant holding the position of a member of the SB of <b>AB "Ignitis grupė"</b>	1/8 x average monthly salary of the CEO
	Civil servant holding the position of a member of a Collegial Body of <b>Companies of Importance for National Security</b>	

2. Amounts of the remuneration of members of the Collegial Bodies of the Parent Company and Companies other than those specified in Point 1 of this Annex:

<i>Position of a member of a Collegial Body</i>		<i>Amount of remuneration, EUR</i>
I	Chair of the Executive Board of <b>AB "Ignitis grupė"</b>	2,600
	Independent member of the Board of <b>UAB "Ignitis renewables"</b>	
II	Independent Chair of SB committees of <b>AB "Ignitis grupė"</b> **	2,000
	Independent Chair of the Audit Committee of <b>AB "Ignitis grupė"</b>	
III	Independent member of committees of <b>AB "Ignitis grupė"</b> **	1,800
	Member of the Executive Board of <b>AB "Ignitis grupė"</b>	
IV	Chair of the Executive Board of <b>other Companies</b>	1,300
	Member of the Executive Board of <b>other Companies</b>	
IV	Member of the Executive Board of <b>other Companies</b>	1,300
	Independent member of the Supervisory Board or the Board of <b>other Companies</b>	

\* paid if he/she is not a member of the SB

## Annex 4: The updated Remuneration Policy of AB “Ignitis grupė” group companies (comparative version)

### REMUNERATION POLICY OF AB “IGNITIS GRUPĖ” GROUP OF COMPANIES

AB “Ignitis grupė” group of companies (hereinafter - the Group) applies a remuneration policy in order to maintain employee motivation and respond to shareholders’ expectations for sustainable, socially responsible development by creating a modern, international, competitive energy Group. The development of the Group must take into account economic, environmental and social aspects of the activity. Its development must strengthen synergies between financial and non-financial return goals and respond to the Group’s strategy of creating an energy-smart world and desire to change in order to make the world more sustainable. The remuneration policy contributes to the implementation of the Group’s strategy by promoting sustainability, responsible growth and value creation for shareholders.

The remuneration policy aims to attract and retain competent, fast-learning, technologically advanced, globally minded and creative employees, to avoid conflicts of interest in determining the remuneration of executives and to apply the remuneration policy in a way that avoids any discrimination.

The ~~Company’s~~ Supervisory Board ~~of AB “Ignitis grupė” has been established in the Company~~ is a collegial supervisory body elected by the Parent Company’s General Meeting of Shareholders. For the effective performance of the Supervisory Board’s functions and responsibilities in the field of remuneration, the Supervisory Board of AB “Ignitis grupė” has set up a Nomination and Remuneration Committee ~~has been established~~ to assess and make proposals on the Group’s long-term remuneration policy, to monitor the compliance of the Group’s remuneration policy with international practice and recommendations of good governance practice and to make appropriate proposals for the improvement of the remuneration policy. The Parent Company’s Supervisory Board and the Nomination and Remuneration Committee ensure the proper functioning of the conflict of interest prevention system when making decisions on the remuneration system.

#### 1. PURPOSE AND SCOPE OF APPLICATION

- 1.1. **Purpose:** to establish unanimously fair, clear and transparent principles of remuneration for the employees of AB “Ignitis grupė” group of companies and an employee remuneration system based on them.
- 1.2. **Scope of application:** applies to all companies of AB “Ignitis grupė” group of companies.

#### 2. TERMS AND ABBREVIATIONS USED IN THE REMUNERATION POLICY

- 2.1. **Parent Company** – AB “Ignitis grupė” (legal entity code 301844044, ~~registered office address Žvojų st. 14, 09310 Vilnius~~).
- 2.2. **LoC** – Law on Companies of the Republic of Lithuania.
- 2.3. **Remuneration Policy** – remuneration policy of AB “Ignitis grupė” group of companies; this document.
- 2.4. **Salary Ranges** – minimum and maximum FBS thresholds for each Job Level.
- 2.5. **Midpoint of the Salary Range** – the average-median value of the Salary Range determined for each Job Level.
- 2.6. **Median of the Salary Market** – value compared to which 50 percent of market participants receive higher remuneration and 50 percent receive lower remuneration. The Median of the Salary Market is determined for each Job Level.
- 2.7. **Labour Code** – Labour Code of the Republic of Lithuania.
- 2.8. **Employee** – a person who has an employment relationship with the Parent Company and/or a Company, including the ~~General Manager~~ CEOs, Key Executives, members of the Executive Boards, unless otherwise specified in ~~the text of~~ the Remuneration Policy.
- ~~2.9. **EICP** – positions operating in an environment of intense competition, the criteria and list of which are approved by the Executive Board of AB Ignitis grupė.~~
- ~~2.10. **Enterprise** – Group company, including subsidiaries of AB Ignitis grupė subsidiaries, except for AB Ignitis grupė.~~
- ~~2.11. **General Manager** – a single-person management body of the Parent Company and/or a Company.~~
- ~~2.12-2.9. **Group** – AB Ignitis grupė and its directly and indirectly controlled legal entities collectively. the Parent Company and its subsidiaries (including lower-tier subsidiaries as well as subsidiaries with their registered offices abroad) in which the Parent Company directly and/or indirectly holds the majority of the votes or may directly or indirectly exercise a decisive influence, as defined in Article 5 of the LoC.~~
- 2.10. **Objectives of the Group** – annual objectives of AB “Ignitis grupė”, which, based on the Parent Company’s strategic plan, are determined and their achievement is assessed by the SB.
- 2.11. **EICP** – positions operating in the environment of intense competition, the criteria and list of which are approved by the Executive Board of the Parent Company.
- 2.12. **Company** – a Group company, except for AB “Ignitis grupė”.

- 2.13. **Short-Term Incentives (STI)** – part of Remuneration that is paid for the agreed and measurable results of the Employee's performance evaluation.
- 2.14. **Collegial Body** – a collegial management body – the Board and/or a supervisory body – the Supervisory Board, as specified in the Parent Company's and/or Companies' founding documents is the Board and/or the Supervisory Board.
- 2.15. **Non-Compete Compensation** – compensation paid to the Employee for compliance with the non-compete obligations specified in the non-compete agreement concluded with his/her employer (the Parent Company and/or a Company).
- 2.16. **Key Executives** – Employees holding the position of members of the Parent Company's Executive Board (including the Chairman of the Management Board), as well as ~~the General Manager~~CEOs of AB "Energijos skirstymo operatorius", ~~the General Manager of UAB "Ignitis", the General Manager of AB "Ignitis gamyba" and; the General Manager of UAB "Ignitis renewables". According to the decision of the Company's SB, other General Managers of the Enterprises with strategic responsibilities and Employees of the Company and/or Companies serving as members of the Executive Boards and/or with strategic responsibilities may also be appointed as key executives, and by the decision of the Executive Board of the Company other Employees with strategic responsibilities may also be appointed as the members of executive boards.~~
- 2.17. **Additional Benefits** – a set of measures of a financial and non-financial nature aimed at additional promotion and motivation of Employees.
- 2.18. **Job Level** – a relative estimate by which a job is evaluated and which reflects the relative value of the job in the Group.
- 2.19. **Job Structure** – Employee jobs grouped into levels according to the value created by the job activity.
- 2.20. **Fixed Base Salary (FBS)** – the base pay of the Employee which is determined in the employment contract, taking into account the Employee's Job Level and the competence of the Employee.
- 2.21. **NRC** – Nomination and Remuneration Committee of the Supervisory Board of ~~AB Ignitis grupė~~the Parent Company.
- 2.22. **Appointing Body** – the body electing the members of a single-person or collegial body specified in the Articles of Association of the Parent Company and Companies.
- 2.23. **SB** - ~~AB Ignitis grupė~~Supervisory Board of the Parent Company.
- 2.24. Direct Supervisor – a manager who, in accordance with the organisational and functional structure and job descriptions of the Parent Company and/or a Company, has been granted the authority and responsibility to coordinate and organise the activities of the Employees, as well as an Employee acting as a manager.
- 2.25. CEO – a single-person management body of the Parent Company and/or a Company.
- 2.24-2.26. Executive Board – Employees of the Parent Company or a Company holding the position of members of the Board in the same company.
- 2.25-2.27. Total Remuneration – total monetary remuneration paid to the ~~General Manager~~CEOs and members of the Executive Boards of the Parent Company and Companies, which consists of the FBS, STI, and the remuneration of a member of the ~~Collegial B~~ody of the Parent Company or a Company (if any).

### 3. GENERAL PROVISIONS

- 3.1. The Group remuneration system is formed taking into account the following principles, which are applied all together:
- 3.1.1. internal fairness – equal remuneration for the same or equivalent work (creating equal value);
- 3.1.2. external competitiveness – Employees shall be paid a remuneration that is competitive with respect to the labour market of the country where the Employees work;
- 3.1.3. clarity – the amount of remuneration must be determined on the basis of clear criteria for performance results, Employee competencies and qualifications, of which the Employee must be informed;
- 3.1.4. transparency – the aim is that decisions on the determination and management of Remuneration are made on the basis of objective and clear criteria and that these criteria are publicly available to the Employees and the public, therefore, this Remuneration Policy is made public;
- 3.1.5. equal opportunities and non-discrimination – decisions on remuneration must be made in accordance with the provisions set out in the Remuneration Policy and the Policy of Equal Opportunities and Diversity in force in the Group.
- 3.2. There is no possibility of deferral of Remuneration and recovery of STI in the Parent Company and Companies.
- 3.3. The procedure for making decisions related to the implementation of the provisions of the Remuneration Policy is provided in Annex 1 to the Remuneration Policy.
- 3.4. The Remuneration Policy shall apply to all Employees.
- 3.5. The application of exceptions to the Remuneration Policy to Companies operating in foreign countries shall be decided by the ~~SB Executive Board of the Parent Company, with the approval of the NRC,~~ taking into account the differences in the salary market and the legal regulation of the respective state.
- 3.6. The Remuneration Policy shall be detailed in the internal legal acts of the Group and/or the Parent Company and/or a Company, which must not contradict this Remuneration Policy.
- 3.7. The provisions of the Remuneration Policy shall be applied taking into account the requirements of the LoC, the Labour Code or a relevant legal act of a foreign state, collective agreements as well as other legal acts.

If there are discrepancies between- legislation and the Remuneration Policy, the Remuneration Policy shall apply to the extent that it does not contradict the legislation.

3.8. This Remuneration Policy shall be published on the Parent Company's website.

#### 4. SETTING OF OBJECTIVES AND EVALUATION OF THEIR ACHIEVEMENT

4.1. The Group aims to create an organisational culture that achieves its objectives, therefore, the remuneration system aims to promote behaviours related to the achievement of the objectives set for the Parent Company and a Company, teams, and Employees.

4.2. Long-term strategic objectives for a 4 (four) year period for Key Executives are set based on the Parent Company's strategic plan.

~~4.3.~~ Annual targets for the ~~General Manager~~CEOs and members of the Executive Boards of the Parent Company and Companies are set in accordance with the strategic plans, action plans and annual budgets of the Parent Company and Companies. The objectives of the ~~General Manager~~CEO and members of the Executive Board of the Parent Company are aligned with the same as the annual objectives of the Parent Company approved by the SB.

~~4.3.~~

4.4. Annual, semi-annual or quarterly targets for other Employees not specified in Clauses 4.2 and 4.3 of the Remuneration Policy are set based on the targets of the Group and/or Companies.

4.5. The achievement of the set targets is monitored at least quarterly.

4.6. The achievement of the set targets is evaluated according to the percentage of their achievement.

#### 5. REMUNERATION COMPONENTS

5.1. Remuneration in the Group may consist of:

5.1.1. **FBS** – Fixed base salary;

5.1.2. **STI** – Short-Term Incentives;

5.1.3. **Remuneration of a member of the Parent Company's or a Company's ~~Collegial Bb~~ody or committee** – payment for activities in the management and/or supervisory bodies of the Parent Company or Companies or their committees, as specified in Clause 11 of the Remuneration Policy;

5.1.4. **Additional payment for overtime work, work on days off or public holidays or at night and other bonuses** paid in accordance with the Labour Code or a relevant legal act of a foreign state or collective agreements;

5.1.5. **Additional financial incentives** – financial incentives that may be paid for participation in initiatives outside the direct job functions of the Employee, ~~except for the members of the Executive Boards and General Managers of the Parent Company or a Company,~~ as well as for extraordinary results, innovations in implementing the Group's strategic priorities, extraordinary value creation in the Group and in other cases where this is provided for in the collective agreements of Companies;

5.1.6. **Additional benefits** – financial and non-financial measures or their equivalent which are designed to promote Employee motivation and loyalty, help reconcile work and leisure, achieve better performance and increase the attractiveness of the employer by increasing Employee satisfaction in the organisation, maintaining an impeccable reputation, transparency of activities, social responsibility, opening opportunities for Employee self-realisation, career, etc. Additional benefits provided to Employees are detailed in the Group's internal legal acts or collective agreements.:-

5.1.7. **Expatriate's financial package** – ~~compensation reimbursement for of~~ additional expenses related to ~~the:~~

~~(i) relocation of an Employee to from one the country to another due to his/her job functions on the employer's instructions. other than his/her permanent residence is and (or) was before the relocation and (or)~~

~~(ii) return to the country where his/her permanent residence is and (or) was before the relocation, and (or)~~

~~(iii) relocation from a country, which was not the country of his/her permanent residence before the initial relocation, to another country which was not the country of his/her permanent residence before the initial and subsequent relocation,~~

~~such compensation being determined, detailed and paid in accordance with the Group's internal legal acts, that shall be adopted by the SB with the approval of the NRC. The Expatriate's financial package can be used to attract talents from foreign countries to the Parent Company and Companies. The Expatriate's Financial Package Application Guidelines shall be set out by the SB, in accordance with the opinion of the NRC, and the provisions detailing their implementation shall be laid down by the Executive Board of the Parent Company.~~

#### 6. JOB STRUCTURE

6.1. The remuneration system is based on the Group's Job Structure, which consists of jobs divided into Job Levels. A methodology recognised in international remuneration practice is used to assess and determine a Job Level.

6.2. A Job Level is determined by assessing the following criteria:

6.2.1. **Knowledge** – qualification, competence, experience, special knowledge and education required for the position;

6.2.2. **Problem solving** – the complexity and uniqueness of the decisions made and of the problems analysed by the position;



- 6.2.3. **Responsibility** – the impact of the duties performed by the position on the Group's performance.
- 6.3. Jobs in the Group may be evaluated by external consultants, ~~and/or~~ an internal Group-wide job evaluation committee ~~and/or during the calibration of positions~~.
- 6.4. Job Levels are reviewed as necessary in the event of a new job, a change in the functions and/or responsibilities of the position. ~~The review of Job Levels is organised~~ are determined and reviewed in accordance with the procedure set out by the Head of Group People and Culture.
- 6.5. The structure of the Group's jobs is mandatory for the Parent Company and all Companies.
- 6.6. The Job Structure is posted on the Parent Company's intranet and is available to all Employees.

## 7. PRINCIPLES FOR DETERMINING SALARY RANGES

- 7.1. In order to ensure the competitiveness of remuneration and to encourage the Employees to achieve results, the focus is placed on the Median of the Salary Market of the respective state in which the Parent Company or a Company operates. Depending on the competitive environment of a Company operating in a foreign country and the strategic objectives set for the Company, a different Salary Range (higher or lower) than the Median of the Salary Market may be set. A different Salary Range may also be determined for positions covered by a specialised remuneration system as specified in Clause 10 of the Remuneration Policy.
- 7.2. In order to ensure the principle of external competitiveness, Salary Ranges may be determined and reviewed annually, taking into account the data and forecasts of a chosen salary survey company and a national salary survey as well as salary market trends.
- 7.3. Salary Ranges are determined for each Job Level based on the Median of the Salary Market. The aim is to set the Midpoint of the Salary Ranges as close as possible to the Median of the Salary Market.
- 7.4. The limits of the Salary Ranges for each Job Level, in comparison with the Midpoint of the Salary Range, are set within the range of 80–120%.
- 7.5. In order to ensure external competitiveness, an adjusting remuneration coefficient is set for Salary Ranges for EICP. Members of the Executive Boards and ~~General Manager~~ CEOs of the Parent Company and Companies are not included in the list of EICP.
- 7.6. Group Salary Ranges are mandatory for the Parent Company and all Companies.

## 8. PRINCIPLES FOR DETERMINING AND REVIEWING THE FIXED BASE SALARY (FBS)

- 8.1. The Employee's FBS is determined and may be changed within the Salary Range determined for the respective Job Level, taking into account the Employee's experience, competence and performance, ~~but~~ As a general rule, the FBS may not exceed the maximum level of the Salary Range. The FBS, exceeding the maximum level of the Salary Range set for the respective Job Level, may be determined for the Employee in accordance with the procedure laid down by the Parent Company's Executive Board, and it may be determined for a Key Executive after obtaining agreement from the SB.

- ~~8.1-8.2.~~ 8.1-8.2. The annual FBS review process in the Parent Company and/or a Company is not guaranteed and unconditional, i.e. the annual review of the FBS is affected by:

~~8.1-1-8.2.1.~~ 8.1-1-8.2.1. \_\_\_\_\_ percentage of the achievement of the Parent Company's and/or a Company's performance results and objectives;

~~8.1-2-8.2.2.~~ 8.1-2-8.2.2. \_\_\_\_\_ changes in the salary market (positive and negative) in the country where the Employee works.

- ~~8.2-8.3.~~ 8.2-8.3. The Employees' FBS is reviewed annually during the annual FBS review process, following the annual Employee performance review. The individual review of the Employee's FBS is affected by:

~~8.2-1-8.3.1.~~ 8.2-1-8.3.1. \_\_\_\_\_ achievement of the objectives set for the Employee, positive assessment of competence growth and values;

~~8.2-2-8.3.2.~~ 8.2-2-8.3.2. \_\_\_\_\_ comparison of the individual Employee's FBS with the Midpoint of the Salary Range set for the respective Job Level.

- ~~8.3-8.4.~~ 8.3-8.4. The proposal to determine or review the size of the FBS of the Employee, except for the ~~General Manager~~ CEOs and members of the Executive Boards of the Parent Company and Companies, shall be submitted by his/her Direct Supervisor after receiving the approval of the senior manager.

- ~~8.4-8.5.~~ 8.4-8.5. The proposal to determine or review the size of the FBS of the members of the Parent Company's and Companies' Executive Boards shall be submitted by the Direct Supervisor.

- ~~8.5-8.6.~~ 8.5-8.6. The proposal to determine or review the size of the FBS of the ~~General Manager~~ CEOs of the Parent Company and Companies shall be submitted by the Executive Board of the Parent Company.

- ~~8.6-8.7.~~ 8.6-8.7. Outside the annual review, the Employee's FBS may be reviewed due to structural changes in the Parent Company and/or a Company or the Employee's internal career when the Employee's Job Level changes, as well as in other reasonable and objective cases to ensure the continuity of the activities of the Parent Company and/or a Company and/or its structural unit, in accordance with the procedure established by internal legal acts.

## 9. DETERMINATION AND PAYMENT OF SHORT-TERM INCENTIVES (STI)

- 9.1. The amount of STI for the ~~General Manager~~ CEOs and members of the Executive Boards of the Parent Company and Companies shall not exceed 20 (twenty) % of their FBS for the period for which STI are paid.
- 9.2. For Employees other than those specified in Clause 9.1 of the Remuneration Policy, the amount of STI shall not exceed 10 (ten) % of their FBS for the period for which STI are paid.

- 9.3. For positions that have strategic responsibilities and/or have a significant impact on the Group's performance, other than those specified in Clause 9.1 of the Remuneration Policy, STI shall not exceed 20 (twenty) % of their FBS for the period for which STI are paid.
- 9.4. Specialised remuneration systems, as specified in Clause 10 of the Remuneration Policy, shall apply to individual groups of Employees, positions or Employees employed in Companies operating in a foreign country, for whom a different STI determination or motivation system is needed in order to promote the achievement of specific performance results according to market or business needs.
- 9.5. STI are awarded once a year (payment may be made in instalments) to the ~~General Manager~~CEOs and members of the Executive Boards of the Parent Company and a Company, and once a year, semi-annually or quarterly to other Employees in accordance with the procedure established by internal legal acts, depending on the achievement of specific and measurable goals or indicators.

## 10. ESTABLISHMENT OF A SPECIALISED REMUNERATION SYSTEM

- 10.1. In order to achieve the flexibility of the remuneration system and the necessary impact on the achievement of the Group's strategic objectives, specialised remuneration systems may be established in the Group as needed for jobs involving direct sales, wholesale of electricity, natural gas, liquefied natural gas and/or other energy products and related services, trading in derivatives or products, energy supply management and planning, implementation/development of renewable energy projects, etc.

## 11. DETERMINATION OF THE REMUNERATION OF THE MEMBERS OF THE COLLEGIAL BODIES OF THE PARENT COMPANY AND COMPANIES

- 11.1. Remuneration for activities in the ~~Ce~~collegial ~~Bb~~bodies of the Parent Company and Companies shall be paid to:

11.1.1. members of the Executive Boards of the Parent Company and Companies;

11.1.2. independent members of Companies' Boards;

11.1.3. independent members of the Parent Company's and Companies' Supervisory Boards;

11.1.4. independent members of the Parent Company's Audit Committee and the Parent Company's SB committees;

11.1.5. Employees' representatives holding the positions of members of the Parent Company's or Companies' ~~Ce~~collegial ~~Bb~~bodies, if provided for by the Articles of Association of the Parent Company or a Company;

11.1.6. civil servants holding the position of members of the Collegial Bodies of the Parent Company or Companies;

~~11.1.6.~~11.1.7. Employees of the Parent Company or Companies holding the position of members of the ~~Ce~~collegial ~~Bb~~bodies of other Companies operating in foreign countries, if required by the legislation of the respective state.

11.2. Remuneration for activities in the Collegial Bodies of the Parent Company and Companies shall not depend on the performance results of the Parent Company or a Company.

11.3. The monthly amount of remuneration of the Parent Company's independent SB members, civil servants holding the position of SB members, and members of the Audit Committee of the Parent Company shall be determined by the General Meeting of Shareholders of the Parent Company by its decision,

~~12. , and this amount shall be used to calculate the monthly amount of remuneration of other members of the Parent Company's and Companies' collegial bodies.~~

~~12.1.~~11.4. The principles for calculating the amounts of the monthly remuneration of the members of the Parent Company's and Companies' ~~Ce~~collegial ~~Bb~~bodies for their activities in the Parent Company's and Companies' ~~Ce~~collegial ~~Bb~~bodies are specified in Annex 2 to the Remuneration Policy.

~~12.2. Remuneration for activities in the Ceollegial Bbodies of the Parent Company and Companies shall not depend on the performance results of the Parent Company or a Company.~~

11.5. The remuneration of the members of the Parent Company's SB for participation in the activities of the committees shall be included in their remuneration for the activities ~~in~~ of the SB, and they shall not receive additional remuneration for the activities in the committees.

11.6. The remuneration of a member of a Collegial Body shall be determined, at the time of the appointment of the Collegial Body, for the entire term of office of the Collegial Body. If individual members of a Collegial Body are elected prior to the expiry of the term of office of the existing Collegial Body, the same amount of remuneration shall be determined for them as for members of the existing Collegial Body.

11.7. When the average monthly salary of the CEO is used to calculate the amount of the remuneration of members of Collegial Bodies, it shall be determined, at the time of the appointment of a Collegial Body, on the basis of the actual data on the payments of remuneration for the previous financial year.

~~12.3.~~11.8. The remuneration of the Parent Company's or a Company's Employees for activities in the ~~Ce~~collegial ~~Bb~~bodies of other Companies shall be included in their remuneration and no additional remuneration shall be paid, unless and to the extent required by law, but not more than 50 (fifty) percent of the SB member's remuneration.

~~12.4.~~11.9. The agreement concluded with a member of the ~~Ce~~collegial ~~Bb~~body of the Parent Company and a Company regarding the performance of the activities of the member of the ~~Ce~~collegial ~~Bb~~body of the Parent Company and a Company shall terminate when:

~~12.4.1.~~11.9.1. the term of office of a member of the Parent Company's or a Company's ~~Ce~~collegial ~~Bb~~body expires;

- ~~42.4.2.11.9.2.~~ a member of the Parent Company's or a Company's Ceollegial Bbody is removed from the Ceollegial bBbody or the entire Ceollegial Bbody is removed;
- ~~42.4.3.11.9.3.~~ a member of the Ceollegial Bbody of the Parent Company or a Company resigns or is unable to continue his or her duties in office;
- ~~42.4.4.11.9.4.~~ a member of the Parent Company's or a Company's Ceollegial Bbody ceases to hold the position of a member of the Ceollegial Bbody on any other basis.

## 12. ADDITIONAL FINANCIAL INCENTIVES

- 12.1. Additional financial incentives shall be provided at the initiative and discretion of the employer and shall not be a guaranteed part of the remuneration package.
- 12.2. Additional financial incentives shall not apply to the General ManagerCEOs and members of the Executive Boards of the Parent Company and Companies, but the SB shall have the right to determine and award additional financial incentives to the CEOs -and members of the Executive Boards of Companies for the successful achievement of long-term (longer than one year) strategic objectives set within the scope of developed and/or managed renewable energy projects and/or activities carried out in the green generation segment. The criteria for and objectives of the implementation of such projects shall be determined and approved by the Executive Board of the Parent Company. In all cases, additional financial incentives, referred to in this clause, for the CEOs of Companies and members of the Executive Boards of Companies, together with STI, cannot exceed the amount of the FBS of the CEO of a Company or a member of the Executive Board of a Company during the respective period.

## 13. PROCEDURE FOR PAYMENT OF SEVERANCE PAY

- 13.1. Severance benefits shall be paid to Employees upon termination of their employment contract in accordance with the procedure established by the Labour Code, collective agreements or a relevant legal act of a foreign state and this Remuneration Policy.
- 13.2. Notice periods shall apply to the General ManagerCEOs of the Parent Company and Companies in the event of termination of employment in accordance with the procedure established by the LoC or a relevant foreign legal act and shall apply to the members of the Executive Boards in the event of termination of employment in accordance with the procedure established by the Labour Code or a relevant foreign legal act.
- 13.3. If a member of a Company's Ceollegial Bbody resigns or is removed from office, no benefits or compensations shall be paid due to the termination of the contract on the performance of the Ceollegial Bbody member's activities. In such cases, the member of the Parent Company's or a Company's Ceollegial Bbody must be paid remuneration for the time actually spent in the performance of activities of the member of the Ceollegial Bbody.
- 13.4. Upon termination of the employment contract on any grounds, the Parent Company shall settle with the General ManagerCEO of the Parent Company in accordance with the procedure established in the employment contract and the Labour Code.
- 13.5. The decision on the severance pay of ~~the General Manager of the Enterprise or a member of the Executive Board of the Company or the Enterprise~~ a Key Executive, if it is higher than provided for in the Labour Code or relevant foreign legislation ~~(does not apply to the General Manager of the Company according to Clause 43.4), and on or the amount of the body recalling the director or a member of the executive board or regarding the amount of the Non-Compete Compensation,~~ shall be made by the body removing the General ManagerKey Executive of the Company or the Enterprise or a member of the Executive Board, having assessed his/her performance, length of service in the Group, the significance of circumstances, commercial risks and potential damage to the Group arising from competition, etc., with the agreement of the Parent Company's Executive Board, ~~ensuring compliance with the principle of avoiding conflicts of interest.~~

## 14. PRINCIPLES OF REMUNERATION CONTROL

- 14.1. In determining and reviewing the FBS for ~~the General Managers of the Company and the Enterprises and the members of the Executive Boards~~ Key Executives, the SB shall assess the compliance of their Total Remuneration with the Median of the total target Salary Market (the sum of the FBS, STI and the remuneration of the Ceollegial Bbody is compared (if any)).
- 14.2. The SB of the Parent Company may, with the agreement of the NRC, establish or change other principles of remuneration control and management.

## 15. REMUNERATION POLICY DEVELOPMENT AND APPROVAL PROCESS

- 15.1. The Remuneration Policy shall be approved and changed by the Parent Company's General Meeting of Shareholders, taking into account the requirements of the LoC, the Labour Code or relevant foreign legal acts and after receiving an opinion of the Parent Company's Executive Board, SB and NRC, as well as after completing the information and consultation procedures with the representatives of the Parent Company's and Companies' employees.
- 15.2. When amending the Remuneration Policy, material changes to the Remuneration Policy must be described and explained. If the amended Remuneration Policy has already been discussed at the Parent Company's General Meeting of Shareholders, but it has not been approved – the arguments must be indicated in the decision of the Parent Company's General Meeting of Shareholders. The Remuneration Policy may be

amended following the assessment of the general economic situation in the market, the Group's financial performance and changes in the legislation governing the payment of remuneration.

15.3. The Remuneration Policy shall be implemented by adopting the decisions set out in the Remuneration Policy and detailed internal legal acts.

## 16. FINAL PROVISIONS

16.1. The Head of Group People and Culture shall be responsible for supervising the implementation of the Remuneration Policy.

16.2. Companies shall implement the Remuneration Policy to the maximum extent, ensuring compliance with the provisions of the Companies' Articles of Association, the principles established in the Guidelines for the Corporate Governance of State-Owned Energy Groups, the Labour Code, the Republic of Lithuania Law on Legal Protection of Personal Data, the Republic of Lithuania Law on Electricity and other legal acts in force in the Republic of Lithuania or in the foreign state where a Company is established and carries out its activities. This Remuneration Policy shall apply on a Group-wide basis, without prejudice to the provisions of the European Union's Third Energy Package.

**Annex 1.** Approval and coordination matrix  
Remuneration policy of AB “Ignitis grupė” group of companies

Approved by / Established by (the final decision)*	SB of the Parent Company	NRC	General Manager/CEO of the Parent Company	Executive Board of the Parent Company	SB of a Company (if any)	General Manager/CEO of a Company	Direct Supervisor	Appointing Body	Manager of the People and Culture
Agreed by*									
<b>Determination and evaluation of long-term strategic objectives for a 4 (four) year period</b>									
Key executives	2	1							
<b>Setting and evaluation of <u>annual</u> objectives</b>									
General Manager/CEO of the Parent Company	1			2					
Executive Board of the Parent Company	1		2		4			2	
General Manager/CEOs of Companies					1		4	2	
Other Employees (excluding General Managers of the Parent Company and Companies)							1		
<b>Job Structure</b>									
All jobs									4
<b>Determination of salary ranges and/or other principles of remuneration control</b>									
Job Levels of the General Managers of the Company and the Enterprises and the members of the Key Executives Executive Boards	2	1							
Other Job Levels				1					
<b>FBS determination and review</b>									
General Manager/CEO of the Parent Company	1			2					
Parent Company's Executive Board and Head of Internal Audit	1		2						
General Manager/CEOs of Companies				1	2			3	
Members of the Executive Boards of Companies				1		2			
Other Employees of the Parent Company			2				1		
Other Employees of Companies						2	1		
<b>Determination of the amount of STI</b>									
General Manager/CEO of the Parent Company	1			2					
General Manager/CEOs of Companies					1			2	
Other Employees of the Parent Company (except for the General Manager of the Company)			2				1		
Other Employees of a Company (excluding General Managers of the Enterprises)						2	1		
<b>Approval of specialised remuneration systems</b>									



All jobs				1					
<b>Determination of the remuneration of the members of <del>the Collegial Bodies of Companies</del></b>									
<del>General Manager of the Parent Company</del>	4	-	-	2	-	-	-	-	-
Executive Board of the Parent Company	1	-	4	-	-	-	-	-	-
<del>General Managers</del> <u>Members of the SB or Boards of Companies</u>					4			12	
Members of the Executive Boards of Companies					1	4			

\*The sequence of approval steps is indicated by numbers

**Annex 2.** Amounts of remuneration for the members of the Parent Company's and Companies' collegial bodies for their activities in the collegial bodies  
Remuneration policy of AB "Ignitis grupė" group of companies

1. Amounts of the remuneration of members of the SB of the Parent Company and members of the Collegial Bodies of Companies which are companies of importance for ensuring national security as specified in the Law on the Protection of Objects of Importance for Ensuring National Security of the Republic of Lithuania (hereinafter referred to as Companies of Importance for National Security):

<u>Position of a member of a Collegial Body</u>		<u>Amount of remuneration</u>
I	<u>Independent Chair of the SB of AB "Ignitis grupė"</u>	1/3 x average monthly salary of the CEO
	<u>Independent Chair of the Supervisory Board or the Board of Companies of Importance for National Security</u>	
II	<u>Independent member of the SB of AB "Ignitis grupė"</u>	1/4 x average monthly salary of the CEO
	<u>Independent member of the Supervisory Board or the Board of Companies of Importance for National Security</u>	
III	<u>Civil servant holding the position of a member of the SB of AB "Ignitis grupė"</u>	1/8 x average monthly salary of the CEO
	<u>Civil servant holding the position of a member of a Collegial Body of Companies of Importance for National Security</u>	

2. Amounts of the remuneration of members of the Collegial Bodies of the Parent Company and Companies other than those specified in Point 1 of this Annex:

<u>Position of a member of a Collegial Body</u>		<u>Amount of remuneration, EUR</u>
I	<u>Chair of the Executive Board of AB "Ignitis grupė"</u>	2,600
	<u>Independent member of the Board of UAB "Ignitis renewables"</u>	
II	<u>Independent Chair of SB committees of AB "Ignitis grupė"*</u>	2,000
	<u>Independent Chair of the Audit Committee of AB "Ignitis grupė"</u>	
III	<u>Independent member of committees of AB "Ignitis grupė"*</u>	1,800
	<u>Member of the Executive Board of AB "Ignitis grupė"</u>	
IV	<u>Chair of the Executive Board of other Companies</u>	1,300
	<u>Member of the Executive Board of other Companies</u>	
IV	<u>Member of the Executive Board of other Companies</u>	1,300
	<u>Independent member of the Supervisory Board or the Board of other Companies</u>	

\* if he/she is not a member of the SB

<u>Position of the collegial body</u>		<u>Coefficient (in respect of SB-member's remuneration)*</u>
4	<u>Independent SB chairman of AB "Ignitis grupė"</u>	1.30
2	<u>Independent SB member of AB "Ignitis grupė"</u>	1.00
3	<u>Chairman of the Executive Board of AB "Ignitis grupė"</u>	1.30
4	<u>Member of the Executive Board of AB "Ignitis grupė"</u>	0.90
5	<u>Chairman of SB committees of AB "Ignitis grupė"</u>	1.00
6	<u>Independent member of SB committees of AB "Ignitis grupė"</u>	0.90
7	<u>Independent SB member of Companies</u>	0.65
8	<u>Chairman of the Executive Board of Companies</u>	0.90
9	<u>Member of the Executive Board of Companies</u>	0.65
10	<u>Independent member of the Board of Companies</u>	0.65

## Annex 5: Regarding the remuneration of the members of the Supervisory Board of AB “Ignitis grupė”

Article 17(1)(1)(d) of the Law on the Civil Service of the Republic of Lithuania, which is effective from 1 May 2022, provides that civil servants have the right to receive a salary set out in law as well as remuneration determined on the basis of laws and other legal acts for holding the position of a member of a collegial body of a state-owned or municipal-owned enterprise or its subsidiary. The activities referred to in this clause are remunerated at the expense of a state-owned or municipal-owned enterprise or its subsidiary in accordance with the procedure laid down by the Government of the Republic of Lithuania. It is important to note that the provisions of Article 17(1)(1)(d) of the Law on the Civil Service are also applicable to civil servants appointed (elected) to the position of a member of a collegial body of a state-owned or municipal-owned enterprise or its subsidiary before 1 May 2022 if they hold that position on or after 1 May 2022.

Resolution No 794 of the Government of the Republic of Lithuania of 3 August 2022 ‘On the Amendment to Resolution No 1092 of the Government of the Republic of Lithuania of 14 October 2015 ‘On the Approval of the Description of the Procedure for the Payment of Remuneration of Members of the Boards of State Enterprises and Municipal Enterprises and Insurance of Third-Party Liability of Members of the Boards of State Enterprises and Municipal Enterprises’ (hereafter – the Resolution) approves the Description of the Procedure for the Payment of Remuneration to Members of the Collegial Bodies of State-Owned Enterprises and Municipal-Owned Enterprises (hereinafter – the Description), Clause 2 of which instructs the institutions which implement the property and non-property rights and obligations of the participant in state-owned enterprises and municipal-owned enterprises to ensure, in accordance with the provisions of the Description, that:

- (i) corporate documents regulating the remuneration of members of the collegial bodies of state-owned enterprises and municipal-owned enterprises are amended or revised;
- (ii) the provisions of the Description apply *mutatis mutandis* to the determination and payment of remuneration to independent members of the collegial bodies of the subsidiaries – which are companies of importance for national security as specified in the Law on the Protection of Objects of Importance for Ensuring National Security of the Republic of Lithuania – of state-owned companies and to civil servants holding the position of a member of the collegial bodies of the subsidiaries of state-owned companies, and that the provisions of the Description are applied to independent members of the collegial bodies of other subsidiaries of state-owned companies on a ‘comply or explain’ basis.

In implementing the Resolution, the Description of the Guidelines for Corporate Governance of the State-Owned Group of Energy Companies (hereinafter – [the Guidelines](#)) was amended by Order No 1K-302 of the Minister of Finance of the Republic of Lithuania of 30 August 2022 ‘On the Amendment to Order No 1K-205 of the Minister of Finance of the Republic of Lithuania of 7 June 2013 ‘On the Approval of the Guidelines for Corporate Governance of the State-Owned Group of Energy Companies’ to provide that *“The amount of remuneration to members of the Supervisory Board of the Company for their activities in the Supervisory Board shall be determined by a separate resolution of the General Meeting of Shareholders. The amount of remuneration for activities in the Company’s Supervisory Board and its committees, which may be determined for the entire term of office of a member of the collegial body, shall be determined in accordance with the Resolution and the remuneration policy approved by the Company’s General Meeting of Shareholders”*.

In implementing Article 17(1)(d) of the Law on the Civil Service as well as the Resolution and the Description, the updated Remuneration Policy is submitted to the Company’s General Meeting of Shareholders for approval. Clauses 11.4–11.7 and Annex 2 of the Remuneration Policy provide for the following amount of remuneration to the members of the Supervisory Board of the Company:

- (i) for an independent member of the Supervisory Board of AB “Ignitis grupė” – 1/4 of the average monthly salary of the CEO of AB “Ignitis grupė” (before tax), calculated on the basis of the actual data on the payments of remuneration for the year 2021;
- (ii) if an independent member of the Supervisory Board of AB “Ignitis grupė” is elected Chair of the Supervisory Board, during the term of office of the Chair – 1/3 of the average monthly salary of the CEO of AB “Ignitis grupė” (before tax), calculated on the basis of the actual data on the payments of remuneration for the year 2021;
- (iii) for a civil servant holding the position of a member of the Supervisory Board of AB “Ignitis grupė” – 1/8 of the average monthly salary of the CEO of AB “Ignitis grupė” (before tax), calculated on the basis of the actual data on the payments of remuneration for the year 2021.

Pursuant to Clause 17.5 of the Guidelines, Article 18.23 of the Articles of Association of the Company and Clause 11.3 of the updated Remuneration Policy, the monthly amount of remuneration of the members of the Company’s Supervisory Board (independent members and civil servants holding the position of a member of the Supervisory Board) is determined by a separate resolution of the Company’s General Meeting of Shareholders.