

Confirmed by
General Meeting of Shareholders
Of APB Apranga on
30th April 2020
Amended by General Meeting of Shareholders
of APB Apranga on 29th April 2021

APB Apranga
Remuneration policy

(applies to the Head of the Company and Members of the Management Board of the Company)

General provisions and principles

This Remuneration Policy (hereinafter - the Policy) of APB Apranga (hereinafter - the Company) has been prepared in accordance with the Law on Companies of the Republic of Lithuania (hereinafter - the Law on Companies), which stipulates that public limited liability companies shall approve remuneration policy applicable at least to the head of the company, members of the board and members of the supervisory board. Taking into account that the Supervisory Board is not formed in the Company to date, this Policy applies to the Head of the Company and Members of the Management Board of the Company in accordance with the relevant requirements and essential principles on the basis of which the remuneration will be paid.

This document has been prepared in accordance with the Company's long-standing policy and established practice for remunerating the relevant members of the Company's management bodies in such a way as to fully comply with the Company's long-term goals and business strategy, which besides all includes: increasing profitability of the Company and its subsidiaries, stable and long-term increase in the value of shares, ensuring the interests and rights of shareholders, developing activities and promoting efficiency, compliance with ethical and conduct standards, including the avoidance of conflicts of interest, assurance of transparency and accountability.

The Policy is implemented in accordance with the procedure laid down in it and in separate internal documents of the Company, including in accordance with the procedures established by legal acts approved by the General Meeting of Shareholders, the Management Board and the Head of the Company. The procedures set out in the internal documents must comply with the Policy principles and the requirements of the applicable legislation.

Remuneration Policy of the Head of the Company and Members of the Management Board is formed without discrimination based on gender, age, nationality, race, social status, religion, social orientation and similar criteria.

The employment contract with the Head of the Company is concluded for an indefinite period. The Head of the Company, as provided by the Law on Companies, is elected and removed from office, his remuneration is determined, his job description is approved, he is promoted and penalized based on the Management Board decision. In his / her activities, the Head of the Company follows the laws, other legal acts, the Company's Articles of Association, decisions of the General Meeting of Shareholders, as well as decisions of the Management Board. The amounts of allowances, notice periods related to the termination of employment or term of office are determined taking into account the requirements established in the specific labour laws. Employment contracts with the Head of the Company are not normally subject to prior agreements on severance pay, supplementary pensions or early retirement arrangements.

No agreements are concluded with the Members of the Management Board regarding their activities as Members of the Management Board in the Company.

All members of the Company's management bodies are subject to legal confidentiality obligations: i.e. they must keep the company's commercial (industrial) secrets, confidential information, which they learned while performing the respective (Head's of the Company and / or Management Board member's) duties.

Remuneration of the Management Board Members of the Company

The Members of the Management Board of the Company are not remunerated for their work at the Board, except for the independent members of the Board.

Independent members of the Board are paid a monthly fixed remuneration for the performance of the duties of a member of the Board, regardless of the number of meetings of the Board per year and is equal to EUR 1,000 (before taxes). Remuneration shall be paid monthly until the relevant independent member of the Management Board holds the position of a member of the Board. The remuneration of an independent member of the Board may be changed or revoked by a decision of the General Meeting of Shareholders of the Company. No other remuneration or a part thereof for work in the Board of the Company for independent members of the Board is determined.

The Members of the Management Board of the Company, who are also employees of the Company, receive remuneration only for the direct duties they perform under the employment contract, i.e. their remuneration for direct functions in the Company and being a Member of the Board (performance of the duties of member of the Board) are not related in any way and are not dependent on each other.

The Members of the Management Board of the Company, who are not employees of the Company but are representatives of the shareholder or related companies are not additionally encouraged, they are not paid for their work in the Management Board of the Company, therefore, such members of the Board perform their duties of a member of the Management Board of the Company free of charge.

Remuneration of the Head of the Company

The remuneration of the Head of the Company consists of:

- *a fixed part* of the remuneration, which is agreed upon and approved by the Management Board of the Company in each individual case and which does not change and is paid to the Head of the Company on a monthly basis, regardless of the Company's performance;
- *a variable part* of remuneration, which depends on the performance of the Company, including its subsidiaries (hereinafter - the Group), i.e. this is a concrete percentage of Group's profit, which is approved by the Management Board of the Company. This variable part of the remuneration is paid once a calendar quarter, based on the Group's results for the previous quarter. The ratio of variable to fixed part depends only on the Group's performance.

The amount of variable remuneration (as a percentage of the Group's profit) for the Head of the Company is determined and approved by the Management Board of the Company so as to comply with the Company's and the Group's business strategy, long-term goals and operational interests, to ensure shareholders' interests, to promote sound and efficient management and risk management to the extent of decision making, would help to avoid conflicts of interest, ensure compliance with the code of ethics and conduct.

Final Provisions

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The Management Board members and the Head of the Company do not receive any other parts of remuneration, bonuses, premiums, incentives other than those provided for in this Policy.

The Policy is reviewed and updated regularly, within the terms and in accordance with the procedures established by legal acts. The Policy is prepared and reviewed by the Head of the Company and submitted to the Management Board of the Company for consideration. The Policy, together with feedback and proposals, is submitted to the Company's General Meeting of Shareholders for approval.

The Management Board of the Company is responsible for the implementation of the Policy in the Company.

The Policy enters into force upon its approval by the Company's General Meeting of Shareholders.

The Policy is published on the Company's website www.aprangagroup.lt in accordance with the procedure and terms established by law.