

**REMUNERATION POLICY FOR THE MEMBERS OF THE SUPERVISORY BOARD,  
MEMBERS OF THE BOARD AND THE CEO OF THE JOINT-STOCK COMPANY  
ŽEMAITIJOS PIENAS**

**APPROVED:**

By the General Meeting of Shareholders of  
ŽEMAITIJOS PIENAS, AB

29 April 2025, No. 1

## **I. GENERAL PROVISIONS**

1.1. The Remuneration Policy (hereinafter – the Policy) of ŽEMAITIJOS PIENAS, AB, legal entity code 180240752 (hereinafter – the Company), defines the procedure for setting the salary of the Company's CEO, the forms of monetary remuneration for the activities of members of the Company's collective management and supervisory bodies (hereinafter – the Members of the Bodies), the grounds for granting and the procedure for payment, as well as regulates other issues related to the remuneration for the activities of the Members of the Bodies.

1.2. The Policy is based on the implementation of the Company's strategic objectives, achievement of performance results and targets, and ensuring the efficiency of the Company's activities.

1.3. The aim of the Policy is to establish fair principles for determining the salary of the Company's CEO and the monetary remuneration of the Members of the Bodies, to set clear and transparent criteria aligned with the Company's strategy and long-term interests, to attract and retain professionals from various fields who can contribute to the improvement of the Company's performance and the implementation of its mission, vision, values, and goals, and to manage the Company's management expenses rationally and efficiently.

1.4. This Policy applies to the CEO and Members of the Bodies to the extent that the relations related to the payment of monetary remuneration for activities in the Company's management and/or supervisory bodies are not imperatively regulated by the applicable laws and/or other legal acts of the Republic of Lithuania and/or shareholders' decisions.

1.5. The Policy, its amendments, supplements, and/or annexes are approved by the Company's General Meeting of Shareholders (hereinafter – the Meeting).

1.6. The Policy is reviewed at least every 4 years, unless changes in objective economic and/or social factors (labour market situation, national average wage level, Company's financial status, etc.) or changes in the laws and/or other legal acts of the Republic of Lithuania create the need for earlier review. Amendments and/or supplements to the Policy may be initiated by the Company's CEO, Supervisory Board, or one or more shareholders holding at least 10 (ten) percent of the Company's shares.

1.7. Following the review of the Policy in accordance with clause 1.6., the Meeting may decide to leave the Policy unchanged.

1.8. The Members of the Bodies are familiarized with the Policy, its amendments, and/or supplements either by signing or by sending it to their indicated email addresses. When information is delivered electronically, it is considered delivered on the next working day following the dispatch date.

1.9. The Company's CEO is responsible for familiarizing the Members of the Bodies with the Policy.

## **II. PRINCIPLES OF REMUNERATION SETTING**

2.1. The conditions of monetary remuneration for the Company's CEO and Members of the Bodies for their activities in the Company's management and/or supervisory bodies are set based on the following principles:

2.1.1. Fairness – the remuneration of individual Members of the Bodies ensures their accountability for creating long-term and sustainable Company value;

- 2.1.2. Non-discrimination – the same remuneration is paid to Members of the Bodies for the same activities in the Company’s management and supervisory bodies;
- 2.1.3. Legitimate expectations – remuneration ensures the reward for the Company’s performance results achieved with reasonable risk;
- 2.1.4. Legality – remuneration complies with the laws and other legal acts of the Republic of Lithuania;
- 2.1.5. Proportionality – remuneration corresponds to the Company’s financial and non-financial performance;
- 2.1.6. Binding nature of the Meeting's decisions – only the Meeting has the right to make decisions related to the payment of remuneration for the activities of the Members of the Bodies.

2.2. The amount of monetary remuneration determined for individual Members of the Bodies depends on the scope of functions performed by the Members, their influence on the Company’s performance results, as well as the justified need of the Company for the specific qualification or competence of the Body Member.

### **III. STRUCTURE OF THE COMPANY’S CEO REMUNERATION**

- 3.1. The salary paid to the Company’s CEO consists of one or more of the following components:
  - 3.1.1. Base salary – a fixed wage;
  - 3.1.2. Additional salary – a variable component of the wage;
  - 3.1.3. Additional financial benefits (bonuses; incentive payments; material assistance paid by a separate order of the Company based on the approved Procedure for the Granting of Material Assistance and One-Time Incentive Payments Unrelated to the Employee’s Wage), which is awarded in the same manner as to all employees of the Company.

### **IV. REMUNERATION OF THE COMPANY’S CEO**

- 4.1. The amount of the salary of the Company’s CEO is determined by the Board of the Company. The salary consists of base and additional components, where the base salary, i.e., fixed wage, paid monthly, may not exceed 10 times the average salary of the Company’s employees for the previous financial year. The amount of the base salary is formalized in writing in the employment contract.
- 4.2. The amount of additional salary paid to the CEO depends directly on the Company’s financial and non-financial performance. The gross amount of additional salary is calculated under the procedure set by the Board. The total budget for the additional salary may not exceed more than 50% of the base salary amount unless another maximum budget is approved by the Meeting.
- 4.3. In a given calendar year, the amount allocated to the additional salary budget for the CEO may not be more than 10% higher or lower than the amount allocated in the previous year.
- 4.4. The additional salary is paid together with the base salary for the month in which the decision of the Board was made, under the procedure specified in the employment contract.

4.5. The rules for increased pay do not apply to the Company's CEO, and he/she is not paid for overtime, work on rest or public holidays, or at night.

4.6. The CEO is also subject to additional incentive payments granted to all Company employees under the procedure approved by the Board for the provision of Material Assistance and One-Time Incentive Payments unrelated to the employee's wage (reimbursement of expenses, one-time incentive payments, Christmas and Easter bonuses, benefits, etc.), as well as other financial benefits provided in the Company's remuneration system.

4.7. The salary of the Company's CEO is paid in accordance with the procedure and deadlines established in the Company's remuneration system and/or the employment contract.

4.8. Information about the salary conditions of the Company's CEO is confidential.

4.9. The Company does not apply deferred payment of remuneration and does not use the option to recover the variable part of the remuneration. The CEO is not paid remuneration in the form of the Company's shares.

## **V. STRUCTURE OF REMUNERATION FOR MEMBERS OF THE BODIES**

5.1. The remuneration of Members of the Bodies consists of one or more of the following components:

- 5.1.1. fixed remuneration;
- 5.1.2. additional remuneration;
- 5.1.3. bonuses (tantjemas).

## **VI. PROCEDURE FOR DETERMINATION AND PAYMENT OF REMUNERATION TO MEMBERS OF THE BODIES**

6.1. Fixed and additional remuneration is paid only to independent Members of the Bodies; bonuses, approved by the Meeting, may be paid to all Members of the Bodies. For the purposes of this Policy, independent Members of the Bodies are those who are not connected with the Company and/or its subsidiaries through employment relations.

6.2. The amount of fixed and additional monetary remuneration to independent Members of the Bodies and/or termination of its payment is provided for in the cooperation agreement concluded between the Company and the independent Members of the Bodies.

6.3. Each year, the Meeting approves the budget for remuneration for the activities of independent Members of the Bodies in the Company's management and/or supervisory bodies. The remuneration budget is based on the expected performance and objectives of the Company for that financial year. If no amount is set for this budget, the total fixed remuneration budget for activities in the Company's management and/or supervisory bodies must not exceed EUR 200,000 (two hundred thousand) per year.

6.4. Fixed monetary remuneration for participation in the Company's management and/or supervisory bodies is paid to independent Members of the Bodies as compensation for their work (decision-making within the competence of the bodies, preparation, participation, and voting in meetings,

preparation of draft resolutions, etc.) and the costs incurred while performing these activities. The amount and payment of such remuneration is not linked to the Company's performance.

6.5. The amount of fixed monthly remuneration for independent Members of the Board and Supervisory Board may differ. However, the amount of fixed remuneration must be the same for all members of the same body.

6.6. The Chairperson of the Body may receive up to 1.3 times higher remuneration for activities in the Company's bodies than other members of that Body.

6.7. In exceptional cases, due to justified subjective factors (such as special work experience, market conditions, outstanding professional attributes, qualifications, etc.), the fixed remuneration of a Body Member for activities in the Company's management and/or supervisory bodies may deviate from clause 6.5 of the Policy. Such deviation must not exceed 10% of the monthly remuneration of the Members of the Body.

6.8. An independent Member of the Body has the right to temporarily or permanently waive in writing the payment of fixed remuneration for activities in the Company's management and/or supervisory bodies. It is considered that the Member has waived such remuneration until a written request to resume full or partial remuneration is submitted to the Company. A Member removed from office is not entitled to claim unpaid remuneration that he or she had previously waived under this clause.

6.9. Fixed remuneration is not paid for months during which the Members of the Bodies fail to participate in the meetings of the Company's management or supervisory bodies without a valid reason.

6.10. Additional monetary remuneration for Members of the Bodies is linked to the Company's performance and is only paid if 100% of the financial and non-financial results are achieved and the Company's strategic goals, which determine the payment of additional remuneration, are fulfilled.

6.11. Additional monetary remuneration for activities in the Company's management and/or supervisory bodies is granted to independent Members of the Bodies by the decision of the Meeting, made no later than 30 calendar days after the approval of the audited annual financial statements. The budget for additional remuneration cannot exceed twice the budget provided in clause 6.3 of the Policy.

6.12. The amount of additional remuneration for independent members of the Board and Supervisory Board may differ. However, the amount of additional remuneration must be the same for all members of the same body. The amount is determined by the decision of the Meeting.

6.13. Fixed remuneration for activities in the Company's management and/or supervisory bodies is paid monthly for the previous month, no later than the 10th day of the following month, or the last working day before the 10th day.

6.14. Additional remuneration is paid according to the procedure and deadlines established by the decision of the Meeting. If a Member is removed from office more than 4 months before the end of the term, they forfeit the right to the unpaid portion of additional remuneration.

6.15. Advance payments of remuneration for participation in the Company's management and/or supervisory bodies are not made to independent Members of the Bodies.

6.16. Neither fixed nor additional remuneration is considered salary, bonuses, or similar payments related to subordination or Company profit (loss).

6.17. Bonuses (tantjemas) may be granted and paid to Members of the Bodies for successful Company performance by the decision of the Meeting under the procedure and terms set in such a decision. The portion of the Company's profit allocated to bonuses must not exceed 1/3 of the profit allocated for dividends.

6.18. The portion of the Company's profit allocated to bonuses by the Meeting's decision is distributed to the Members of the Bodies by the Supervisory Board's resolution according to the Company's Procedure for the Payment of Bonuses to Collegial Body Members, considering each Member's contribution to the achievement of the Company's goals.

6.19. Bonuses are paid to independent Members of the Bodies regardless of whether they received additional remuneration.

6.20. Remuneration for activities in the Company's management and/or supervisory bodies is paid to the Members after taxes are withheld and transferred to the bank accounts specified by the Members.

## **VII. AGREEMENT WITH INDEPENDENT MEMBERS OF THE BOARD AND THE SUPERVISORY BOARD**

7.1. The agreements concluded with independent Members of the Bodies may specify additional conditions for the payment of remuneration for activities in the Company's management and/or supervisory bodies and/or other grounds for the non-payment of such remuneration.

## **VIII. SOCIAL SECURITY PROGRAM**

8.1. Members of the Bodies may be insured with voluntary health insurance. Contributions to third-pillar pension funds may also be paid on behalf of the Members of the Bodies for additional voluntary pension accumulation.

8.2. The social security program applicable to the Members of the Bodies is selected accordingly, and the insurance amount or periodic pension contribution may not exceed 10% of the paid remuneration.

8.3. The Meeting may decide not to apply any of the social security programs provided for in clause 8.1 of the Policy during a specific period.

8.4. The CEO and Members of the Bodies may also be paid a pension according to the pension payment procedure applicable in the Company.

## **IX. CONFIDENTIALITY**

9.1. Information about the specific amounts of fixed and additional remuneration for activities in the Company's management and/or supervisory bodies and the value of the social security program measures is confidential.

## **X. FINAL PROVISIONS**

10.1. The Policy, its amendments, and/or supplements enter into force on the next working day following their adoption, unless a different effective date is specified in the decision of the Meeting.

10.2. The contradiction of one or more provisions of the Policy with the laws and/or other legal acts of the Republic of Lithuania does not affect the validity of the remaining provisions of the Policy. In such a case, the provision of the laws and/or other legal acts of the Republic of Lithuania governing the specific relationship shall apply instead of the conflicting provision of the Policy.

10.3. In case of discrepancies between the Policy and decisions of other bodies of the Company or internal legal acts of the Company, the Policy shall prevail, unless explicitly stated otherwise in the Policy.

**Approved:**

9 March 2020 by the Board of ŽEMAITIJOS PIENAS, AB, Minutes No. 4

**Approved:**

12 March 2020 by the Supervisory Board of ŽEMAITIJOS PIENAS, AB, Minutes No. 4