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|  | UTENOS TRIKOTAŽAS, AB EXECUTIVE REMUNERATION POLICY | Number/version: |
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1. OBJECTIVES AND APPLICATION OF THE PROCEDURE
	1. The purpose of the Executive Remuneration Policy (hereinafter – Remuneration Policy) is to lay down the principles for remuneration to the general manager and members of the Board of Utenos trikotažas, AB and to define the main provisions to be followed by the Company bodies in determining the monthly remuneration or any other pay to the general manager and members of the Board of Utenos trikotažas, AB for work/activities and setting a variable part of the remuneration (if applicable under the Remuneration Policy).
	2. Principles laid down in the Remuneration Policy define the following elements of the executive remuneration:
		1. A fixed part of the remuneration – monthly salary (hereinafter – Fixed Part);
		2. A variable part of the remuneration – remuneration for the achievement of objectives/indicators (hereinafter – Variable Part); or
		3. Other financial remuneration.
	3. The Remuneration Policy shall apply to the general manager and members of the Board of the Company. Remuneration arrangements for other employees of the Company are governed by separate internal legal acts (SBA Group Remuneration Policy, Collective Agreement, etc.).
2. **DEFINITIONS**

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| **TERM** | **DEFINITION** |
| **Remuneration** | Monthly financial remuneration to the general manager and members of the Board of the Company (monthly Fixed Part and/or a Variable Part or another financial remuneration) |
| **Company** | Utenos trikotažas, AB |
| **Variable part of the remuneration** **(Variable Part)** | An additional portion of the remuneration paid once a year over a set period of time depending on the achievement of the objectives/indicators  |
| **Indicators** | A set of objectives/indicators approved by a certain body of the Company based on the balanced scoreboard or another similar system for determining objectives  |
| **Job Level**  | The relative value of the job determined on the basis of the knowledge required for the job and the problem solving and responsibility level |
| **Remuneration Policy** | This Remuneration Policy of Utenos trikotažas, AB for the general manager and members of the Board of the Company |
| **Executives** | General manager and members of the Board of the Company |

1. **GENERAL PROVISIONS**
	1. The Remuneration Policy contributes to the Company’s strategy, long-term objectives and interests, i.e.:
		1. Orientation to the business strategy and dynamism: the Remuneration Policy contributes to the implementation of the Company’s strategy. The policy must be dynamic, responsive to the market situation, needs of the organization, business development priorities and plans, and must encourage the required change in the organization.
		2. Result orientation: the Remuneration Policy encourages to achieve organizational and personal objectives, to build competitive advantages and to improve.
		3. External competitiveness – the Remuneration Policy reflects market trends; it is aimed at attracting and retaining Executives of the required qualifications for the Company.
	2. The Remuneration Policy is aimed at providing appropriate incentives to Company Executives whose personal activities have a significant impact on the Company’s business and on respecting organizational values in the Company’s activities.
	3. Where the same person holds the position of the general manager and a member of the Board of the Company or the position of a member of the Board and another job in the Company and/or in another company of the Group in which the Company is a part (hereinafter – **affiliated company**), a single type of remuneration shall be paid to such Executive, i.e. total remuneration for holding the position of the general manager or total remuneration for the job (the remuneration principles for other jobs in the Company are laid down in the SBA Group remuneration policy), but no additional remuneration shall be paid for duties as the member of the Board.
	4. The Remuneration Policy must be applied in such a way as to avoid any discrimination on the basis of gender and on other grounds. Men and women shall be equally remunerated for the same or an equivalent job/activity. In terms of implementing the principles of gender equality and non-discrimination on other grounds, discrimination-free Executive remuneration means discrimination-free remuneration for work/activity and any additional amounts paid under this Remuneration Policy.
2. **SETTING AND REVIEW OF THE MONTHLY SALARY**
	1. The Executive monthly salary shall be determined in accordance with the principle of internal equity, taking into account the Job Level, activities, budget and the level of competence, which shall be determined during the Executive evaluation or selection process.
	2. The monthly salary of the general manager shall be determined by the decision of the Board of the Company and shall be specified in the employment contract. The monthly salary to the members of the Board shall be determined by the decision of the General Meeting of Shareholders and shall be specified in the service contract concluded with the members of the Board. In all cases, the principle of internal equity must be respected when determining the manager’s monthly salary, taking into account the Job Level or activity performed by the person where the remuneration to a member of the Board, who does not have employment relationship with the Company, is determined.
	3. The Executive monthly salary shall be reviewed based on:
		1. The performance of the Company – the achievement of the Company’s annual and/or long-term objectives.
		2. The budget for remuneration approved by the Company.
	4. The decision regarding the review of the remuneration to the general manager of the Company shall be taken by the Board of the Company and the decision regarding the review of the remuneration to the members of the Board shall be taken by the General Meeting of Shareholders.
3. **ANNUAL VARIABLE PART OF REMUNERATION**
	1. The annual Variable Part of remuneration encourages to achieve the Company’s annual and long-term objectives.
	2. The Board, in the presence of the general manager, shall set the objectives for the general manager, define the expected results and the evaluation principles, i.e. the Board shall approve the objectives, and weights and indicators of the objectives.
	3. The Variable Part shall not be allocated or paid to the members of the Board. This rule does not prevent the member of the Board of the Company or of the affiliated company to receive the Variable Part for work under the employment contract under the SBA Group remuneration policy.
	4. The Board of the Company shall approve the objectives, and weights and indicators of the objectives. The following objectives may be set:
		1. financial;
		2. operational;
		3. manufacturing;
		4. qualitative;
		5. other
	5. The annual Variable Part paid to the general manager shall be calculated where not less than 100% of the Company’s objectives have been achieved.
	6. The Board of the Company shall determine the amount of the annual Variable Part.
	7. The annual Variable Part shall not be higher than 75% of the annual salary of the general manager. No deferrals shall be made when paying out the annual Variable Part.
	8. The annual Variable Part shall be calculated after the end of the calendar year in which the general manager had to achieve the objectives and shall be paid within the period of four months following the end of the calendar year.
	9. The paid Variable Part shall be included in the average salary of the general manager.
	10. In exceptional cases, depending on the financial results of the Company or other clearly substantiated aspects of its operations, the Board of the Company may decide not to pay the annual Variable Part. In the case where the general manager fails to work a full calendar year at the Company, the Board of the Company shall decide on the amount of the Variable Part due. Where the general manager is removed from office by reason of his fault or on his own initiative, the Variable Part shall not in all cases be allocated or paid, unless the Board takes a different decision on a case-by-case basis.
	11. The Board of the Company may decide to apply long-term incentives and establish their principles.
4. **NOTICE PERIODS, SEVERANCE PAY, PENSIONS**
	1. The notice period (and, where applicable, term for dismissal) shall apply to Executives as set out in the existing legal acts. Unless the general manager and the Company agree on other notice periods of the termination of the employment contract, both parties shall observe the mandatory notice periods of the termination of the employment contract provided for in the Labour Code of the Republic of Lithuania and other laws, where any party decides to initiate the termination of the employment contract.
	2. Upon the termination of the employment contract, the general manager shall be entitled to the severance pay provided for in the Labour Code of the Republic of Lithuania (if the general manager is at all entitled to it under the law), unless the parties agree on a different severance pay in the employment contract.
	3. No prior arrangements on the conditions for early retirement shall apply to Executives.
5. **FINAL PROVISIONS**
	1. The Board of the Company shall be responsible for the control of the implementation of the Remuneration Policy. The Company’s Personnel Manager shall be responsible for familiarising the general manager and the Board with the Remuneration Policy.
	2. In order to avoid any conflict of interests in determining the remuneration to any particular Executive, amounts of the remuneration, assessing the implementation of the general manager’s KPI, that Executive must step aside when discussing his remuneration and implementation of KPI. In order to avoid any conflict of interests, remuneration must comply with the provisions of the Remuneration Policy.
	3. The effective Remuneration Policy may be repealed, amended and/or supplemented by adopting a new version of the Remuneration Policy or amending certain provisions of the Remuneration Policy. The new Remuneration Policy or its amendments shall enter into force after their approval by the General Meeting of Shareholders of the Company.
	4. The Remuneration Policy shall be reviewed every four years by the Board of the Company and submitted for approval to the General Meeting of Shareholders. The Remuneration Policy may be amended by taking the following into account:
		1. the overall economic situation in the country and in the market;
		2. the financial performance of the Company;
		3. changes in the legislation governing the procedure for remuneration payment;
		4. or in other cases if necessary.
	5. The Remuneration Policy shall take effect after its approval by the General Meeting of Shareholders unless the General Meeting of Shareholders specifies another effective date of the Remuneration Policy.
	6. The Remuneration Policy shall be published on the website of the Company.