

**APPROVED**

on 27-04- 2018  
in general meeting of  
shareholders of AB "Klaipėdos  
nafta"  
(minutes No. J1-1)

**AMENDED**

On [date]  
in general meeting of  
shareholders of AB "Klaipėdos  
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**GUIDELINES ON DETERMINATION THE REMUNERATION FOR THE ACTIVITY IN AB  
"KLAIPĖDOS NAFTA" COLLEGIAL BODIES**

**I. PURPOSE**

- 1.1. These guidelines on determination the remuneration for activity in AB "Klaipėdos nafta" collegial bodies defines the main principles of determination the remuneration for activities of independent or non - independent members of Supervisory board, Board, audit committee and other committees (if such are established), who are not civil servants or employees of authorities representing the state.
- 1.2. The Remuneration paid to members of the Collegial bodies according to these guidelines is not considered to be salary or other similar benefits which could be related to the official subordination of an independent member of the Collegial body.
- 1.3. Based on these Guidelines, the remuneration determined for members of the collegial bodies is independent of the results and prospects of KN activities.

**II. DEFINITIONS AND ABBREVIATIONS**

- 2.1. **Remuneration** – in accordance with the procedure established by these Guidelines, the remuneration for the activities in the respective Collegial Body of KN paid for the members of Supervisory board, Board audit committee and other committees (if such are established), who are not civil servants or employees of authorities representing the state.
- 2.2. **Guidelines** – Guidelines for determining the remuneration for activities in Collegial bodies.
- 2.3. **KN** – AB "Klaipėdos nafta".
- 2.4. **Member of Collegial Body** - independent or non - independent member of Supervisory board, Board or Committee, who is not a civil servant or employee of authorities representing the state
- 2.5. **Collegial bodies** – Supervisory board, Board or Committee.
- 2.6. **Committee** – an advisory collegial body formed by the Supervisory board or the Board.

- 2.7. **Supervisory board** – KN supervisory board.
- 2.8. **Board** – KN board of directors.
- 2.9. **GMS** – KN general meeting of shareholders.

### **III. REFERENCES**

- 3.1. Guidelines are prepared in accordance with:
  - 3.1.1. Law on Companies of the Republic of Lithuania;
  - 3.1.2. Procedure for the implementation of state property and non-property rights in state-owned enterprises adopted by the resolution No 665 of 6 June 2012 of the Government of the Republic of Lithuania.
  - 3.1.3. Procedure of selection of the candidates for the state or municipal enterprises board and the selection of the candidates for collegial supervisory or management body elected by the general meeting of shareholders of the state or municipality-controlled company, adopted by the resolution No 631 of 17 June 2015 of the Government of the Republic of Lithuania
  - 3.1.4. Articles of Association of KN;
  - 3.1.5. Corporate Governance Code for the Companies Listed on NASDAQ OMX Vilnius;
  - 3.1.6. The other applicable laws and substatutory acts regulating the determination and nomination of Remuneration to Collegial bodies.

### **IV. GENERAL PRINCIPLES FOR DETERMINING THE REMUNERATION**

- 4.1. The Remuneration for activities in the Collegial body may be paid only to the independent members of the Collegial body or to non - independent members of the Collegial body who are not civil servants or employees of authorities representing the state.
- 4.2. The Remuneration for members of the Collegial body is determined for the entire term of office.
- 4.3. The Remuneration is paid only for the activities in the Collegial body. After the resignation of a member of the Collegial body from the position of the member or after the cancellation of the position, severance pay is not payable.
- 4.4. The Remuneration for the activities in the Collegial body, shall be determined considering the activities carried out by KN and the special status of KN established by the laws of the Republic of Lithuania. KN is a company, important for national security, a liquefied natural gas terminal operator and a public-interest entity.
- 4.5. The Remuneration for the members of the Collegial body, shall be determined considering the status and competence of the relevant Collegial body specified in the Law on Companies of the Republic of Lithuania and / or the Articles of Association of KN.
- 4.6. In order to attract professionals to hold positions in the Collegial body, the competitive Remuneration shall be determined considering the market conditions and industry practices.
- 4.7. The Remuneration for the members of Collegial body shall be determined considering the principle that Remuneration and its payment procedure shall:

- 4.7.1. promote the value creation of a long-term and sustainable company;
- 4.7.2. comply with the workload of the members of the Collegial body;
- 4.7.3. correspond to the current market situation as much as possible, i.e. to be competitive with the wages offered in the labor market for the professionals of the same field;
- 4.7.4. ensure the remuneration for the accepted responsibility of the individual members of the Collegial body;
- 4.7.5. encourage the high-level professionals in their field to work in the Collegial body.
- 4.8. In the case when the same person holds the position (member or chairman) in the Supervisory board or in the Board and at the same time in the Collegial body formed by it, the both Remunerations shall be paid, i.e. full Remuneration for activity in the Supervisory board or in the Board and full Remuneration for activity in the Collegial body formed by it.
- 4.9. The Remuneration for a member of the Collegial body upon the decision of the body of KN that elected it may be reduced proportionally or totally unpaid if the member of the Collegial body misconducts its duties, i.e. does not participate in the meetings of the Collegial body, does not express an opinion on the issues of the agenda and does not vote for them, etc. The chairman of the Collegial body shall ensure that the members of the Collegial body duly fulfill their duties and must inform KN body that elected him or her about the improper performance of the duties, and in the case of Collegial bodies elected by GMS, inform the KN. The member of the Collegial body who found that the chairman misconducts its duties shall inform about it as indicated above.

## **V. PRINCIPLES FOR THE DETERMINATION OF REMUNERATION FOR MEMBERS OF SUPERVISORY BOARD**

- 5.1. In accordance with these Guidelines, the GMS shall decide on the amount of the Remuneration for the members of the Supervisory board.
- 5.2. The Remuneration of the members of the Supervisory board shall not exceed 1/8 of the total remuneration of the general manager of KN, the Remuneration of the chairman of the Supervisory board shall not exceed 1/6 of the total remuneration of the general manager of KN.
- 5.3. The fixed monthly Remuneration is determined for the members of the Supervisory board, without the variable part of the Remuneration.

## **VI. PRINCIPLES FOR THE DETERMINATION OF REMUNERATION FOR BOARD MEMBERS**

- 6.1. In accordance with these Guidelines, the Supervisory board shall decide on the amount of the Remuneration for the members of the Board.
- 6.2. The Remuneration of the members of the Board shall not exceed 1/4 of the total remuneration of the general manager of KN, the Remuneration of the chairman of the Board shall not exceed 1/3 of the total remuneration of the general manager of KN.

- 6.3. The fixed monthly Remuneration is determined for members of the Board, without the variable part of the Remuneration.

## **VII. PRINCIPLES FOR THE DETERMINATION OF REMUNERATION FOR BOARD MEMBERS**

- 7.1. In accordance with these Guidelines, the Supervisory board or the Board (taking into account the body to which the Committee is formed) shall decide on the amount of the Remuneration for the members of the Committee.
- 7.2. The Remuneration of the members of the Committee shall not exceed 1/8 of the total remuneration of the general manager of KN, the Remuneration of the chairman of the Committee shall not exceed 1/6 of the total remuneration of the general manager of KN.
- 7.3. The fixed monthly Remuneration is determined for the members of the Committee, without the variable part of the Remuneration.

## **VIII. FINAL PROVISIONS**

- 8.1. The Guidelines come into force from the moment they are approved.
- 8.2. The Guidelines are approved and amended by the GMS decision.