

APPROVED  
by resolution No. [ ] of General Meeting of Shareholders  
of *Panevezio statybos trestas* AB held on 29 April 2020

**PANEVEZIO STATYBOS TRESTAS AB**  
**REMUNERATION POLICY**  
**FOR TOP AND MIDDLE MANAGEMENT STAFF**

**1. General**

1.1. The remuneration policy of *Panevezio statybos trestas* AB establishes the fundamental principles according to which the company remunerates the top and middle management staff on a financial or non-financial basis for performance of the functions (duties) assigned to them, the impact of their activity on the overall performance of the company, their contribution to creating the added value for the company and its shareholders.

When implementing the operational strategy and business objectives approved by the Board – to maintain the leading position in the construction market in terms of scope, performing project management, general contracting, building and structure designing, general construction activities, finishing activities within and outside the Republic of Lithuania, looking for new markets and implementing real estate development projects that would promote business growth, increase the company value, the Company must attract, retain and motivate the competent professionals in their field. The Company is obliged to ensure that the projects in progress and investments were profitable and its operating costs were optimal, therefore, the Company manages its wage costs, which make a significant part of the Company's expenses in a responsible way.

1.2. Terminology:

Company	<i>Panevezio statybos trestas</i> AB
Chief Executive Officer	Managing Director
Top Management Staff	Managing Director, Construction Director, Technical Director, Sales Director, Commercial Director, Administration Director
Middle Management Staff	Directors of <i>Panevezio statybos trestas</i> AB branches
Remuneration	The monetary reward paid for the work performed, which consists of the Fixed Remuneration Component (FRC) and Variable Remuneration Component (VRC)
Fixed Remuneration Component (FRC)	The basic salary of the employee fixed in the employment contract, which is paid on a monthly basis

Variable Remuneration Component (VRC)	The portion of the remuneration paid in addition to the employee's FRC based on the results of the employee's performance evaluation
Remuneration Limits	The minimum and maximum margins of the fixed remuneration, which are set for each position level.
Position Level	The relative unit that measures a position and shows the relative value of the position in the Company.

## **2. Remuneration components and principles of their determination**

2.1. The Remuneration system shall be based on the structure of positions in the Company, which covers the positions classified and divided into separate levels by job type and value:

2.1.1. Impact on general operation of the Company – the degree to which the overall performance of the Company is affected by the particular position, the level of responsibility delegated to it;

2.1.2. Management scope – the extent to which the particular position affects the operational actions of other employees, the degree of complexity of the activities performed by those employees;

2.1.3. Decision making – the degree of decision-making delegated to the employee in the particular position, the extent to which the results are presented to the direct management staff as an activity report;

2.1.4. Communications – the nature of internal and external communications required for the proper performance of specific duties, the level of external and internal contacts (subjects) and how often they are addressed;

2.1.5. Complexity of activities – the nature of the activities in respect of the relevant position in terms of structuring and standardizing the work;

2.1.6. Knowledge and experience – minimum education and work experience required to enable the employee to take some particular position.

2.2. Based on the positions classified according to the factors listed in sub-clause 2.1. hereinabove, the Company distinguishes the following 6 position groups: Top Management Staff, Middle Management Staff, Managers of small units / Specialists-Experts, Senior Specialists and Specialists.

2.3. The remuneration of the Top and Middle Management Staff shall consist of two components: fixed and variable. The Fixed Remuneration Component is the basic monthly salary of the employee fixed in the employment contract, which is paid on a monthly basis. The Fixed Remuneration Component is paid based on the Company performance and employee results.

2.4. The principles determining the Fixed Remuneration Component shall be as follows:

2.4.1. For each position group, except for the Top Management Staff, the FRC limits – the minimum and maximum margins – shall be set. The FRC may vary within these limits subject to the experience, competence and results of the employee. For the Top Management Staff, only the minimum limit of the FRC shall be set. For the Middle Management Staff, the minimum and maximum limits of the FRC shall be set.

2.4.2. The limits of the FRC shall be set based on the remuneration trends in the labour market, study data and comparative market – the market of the companies operating in Lithuania. The FRC limits for the Top and Middle Management Staff shall be approved by the Board of the Company.

2.4.3. The FRC for the specific employee shall be set within the FRC limits based on the responsibility level, experience, personal properties and competence relevant to the position held.

2.4.4. The FRC of one member of the Top Management Staff, Managing Director, shall be approved by the Board of the Company on the proposal of the Chairman.

2.4.5. The FRC of the rest members of the Top Management Staff, except for the Chief Executive Officer of the Company, shall be consented by the Board of the Company on proposal of the Managing Director.

2.4.6. The FRC of the Middle Management Staff shall be consented by the Board of the Company on proposal of the Managing Director.

2.4.7. The Fixed Remuneration Component of the Top and Middle Management Staff shall be subject to revision at intervals not shorter than 12 months. The new FRC shall be determined / modified based on the performance evaluation of the Top and Middle Management Staff.

2.4.8. The Fixed Remuneration Component of the Top and Middle Management Staff shall be subject to changes upon decision of the Board of the Company.

2.5. The principles determining the Variable Remuneration Component shall be as follows:

2.5.1. The amount of the Variable Remuneration Component shall be directly dependent on the annual results achieved by the Company.

2.5.2. The VRC shall be used as a tool for getting the Top and Middle Management Staff directly interested in seeking for high performance of the Company, an instrument for creating policy and culture of the Company, clearly and accurately stating what achievements and contributions are valued/rewarded.

2.5.3. The amount of the VRC shall consist of the fixed percentage of the annual results determined and approved by the Board of the Company. The percentage of profit accepted for calculating motivation shall be determined for the Chief Executive Officer and the directors. The Directors of the branches shall be assigned the percentage of profit accepted for calculating motivation of the branch under his (her) management.

2.5.4. The calculated amount of the VRC for the Top Management Staff may be subject to revision taking into account the following:

- director's role in implementation of the objectives set by the Board,
- contribution to the work/result of the management team,
- work organization of subordinate employees, personnel management,
- contribution to implementation of the development of the Company.

2.5.5. For the Middle Management Staff, the Chief Executive Officer may set / adjust the percentage used for calculating the VRC, different that approved by the Board, taking into account the following:

- the organization level of the branch operation,
- co-operation between the branches and seeking for the common result of the Company operation,
- ensuring development of the branch and the Company.

2.5.6. The Variable Remuneration Component for the Top and Middle Management Staff shall be paid once per year after the end of the financial year.

### **3. Final provisions**

3.1. The term of the contracts with the Top and Middle Management Staff of the Company, applicable notice periods shall be determined in accordance with the laws of the Republic of Lithuania.

3.2. There are no supplementary retirement or early retirement schemes and schemes of share allocation to employees in the Company.

3.3. The remuneration policy has been prepared taking into account the long-term objectives of the Company, following the operation strategy approved by the Board of the Company and the Rules of Payment for Work of Company Directors and Branch Directors.

3.4. The processes of implementation, performance supervision and adjustment (if required) of the Remuneration Policy to ensure that the Policy is in line with the strategic objectives of the Company and its effectiveness shall be executed by the Chief Executive Officer.