

## **Remuneration policy for the Executive Management of AUGA group, AB**

### **General provisions**

The remuneration policy for the Executive Management of AUGA group, AB (the **Remuneration Policy**) establishes principles of remuneration, remuneration structure and forms, principles for allocation of additional benefits, procedure of payment and review to the General Manager (CEO) of the company (the **General Manager**) and the Management Board of the company (the **Board**) as well as other requirements followed by the company in setting and paying remuneration.

The Remuneration Policy reflects the interests of the shareholders and the company, taking into consideration any specific matters, including the assignments and the responsibility undertaken. The company uses the remuneration policy with the object of constantly maintaining the motivation of the Executive Management for achieving AUGA group strategic long and short-term targets stated and approved in AUGA strategy 2025 as well as to promote value creation for the benefit of the shareholders. The Remuneration Policy contributes to the company's business strategy to drive responsible growth in the company and increase value to its key stakeholders – consumers, partners and shareholders. The Remuneration Policy is aimed to avoid conflicts of interest in establishing remuneration for the Executive Management and to attract high level professionals for management of the company. The Remuneration Policy must be applied in such a way to avoid any discrimination of sex, race, age or any other discrimination grounds.

This Remuneration Policy applies only to the General Manager and the Board.

### **Board remuneration**

#### **Fixed remuneration**

Members of the Board receive a fixed fee which is approved by the Ordinary General Meeting of Shareholders for the one tenure that lasts for 2 years. The Chairman receives a 1,32 of the fixed fee. The fixed fee is paid for every meeting of the Board – 12 meetings in a year. In case there are less than 12 meetings in a year Members of the Board are paid for 12 meetings, in case there are more meetings in a year, a fixed fee is paid for every additional meeting.

#### **Incentive programme, bonus pay, etc.**

The Board members are not included in incentive programmes (share option programmes, bonus pay or similar plans).

#### **Compensation on retiring**

Retiring members of the Board will not receive any compensation for their lost Board remuneration and similar benefits.

#### **Reimbursement of expenses**

Reimbursement for Board members living abroad is approved by the Ordinary General Meeting of Shareholders for the one tenure that lasts for 2 years.

#### **Pension scheme, health insurance**

The Board members are not covered by any AUGA group pension scheme or health insurance if such exists.

#### **Other benefits and compensation**

The Board Members are insured by Directors and Officers Liability Insurance.

## Remuneration for the General Manager

Remuneration for the General Manager shall be in line with market conditions and mirror the demands and responsibility that the position entails as well as personal performance. The remuneration package consists of the following components:

- Fixed salary;
- Annual bonus;
- Incentive premiums;
- Share options;
- Other personal benefits.

### Fixed salary

The fixed salary is set by the Board by its decision in line with market conditions and within the top limit 20.000 (twenty thousand) Euros per month including all applicable taxes. The fixed salary is paid regardless any discriminatory grounds and is set considering the General Manager's competence and experience, responsibilities (for the volume of management of work processes and resources; for the impact of performed tasks on the results of the company; for taken decisions which are essential for the company), for the financial results of the company's activities. The fixed salary is calculated and paid in accordance with the company's internal conditions and procedures.

### Bonus

Annual bonus if applicable must be set to meet the company's business strategy, short-term and long-term goals, values, as well as to avoid conflicts of interest. Annual bonus is paid in order to link the General Manager's individual operational targets with the company's interests for ensuring the continuous and efficient operation of the company, encouraging the General Manager to act in a transparent and professional manner. Annual bonus is based on the company's fulfilment of 2-3 objectives (the **KPI's**), their weights (expressed as percentage) agreed in advance between the Board and the General Manager for a year and the actual result of the achievement of the results. Examples of KPI's which may be amended, changed by a decision of the Board:

- the company's financial activity based on annual results;
- achievement of economic, budget and production forecasts;
- development of sales in certain regions;
- indicators of marketing results;
- commercial transactions executed and contracts signed, financial settlements with other parties, supply, etc.;
- implementation of the company's objectives and mission in the light of the company's tasks the decisions taken by the shareholders;
- sales in Lithuania;
- sales in foreign markets;
- EBITDA;
- net profit;
- revenues;
- gross profit (loss);
- other KPI's.

The bonus is paid out annually within the period of the next two months after the adoption of the annual report for the relevant financial year and evaluation of the fulfilment of the agreed KPI's.

The annual bonus may not exceed 50 (fifty) percent of annual fixed salary.

### Deferring and recovering of the Annual Bonus

Normally, the Annual bonus is not deferred. The company by a decision of the Board may defer the payment of the Annual Bonus to the General Manager due to the company's difficult financial situation or for other relevant

circumstances, but no more than 50 (fifty) percent of the Annual Bonus amount. The maximum deferral period is one year.

The Annual Bonus paid to the General Manager may be recovered if, within 12 months after the payment, it has become apparent that it was calculated on the basis of data which has proved to be manifestly incorrect as a result of misleading or false information deliberately provided by the General Manager. The Board decides the issues of and takes decisions on the recovery of the Annual Bonus.

### **Incentive premiums**

On the initiative of the Board, the General Manager may, but need not, be awarded an incentive premium in order to encourage the General Manager for the very good work he has done, for the initiation and implementation of particularly significant work or projects ensuring the sustainability of business, expansion and development strategy of the Company.

No incentive premiums are included in the average salary of the General Manager.

Incentive premiums are not a guaranteed part of the remuneration package and/or not binding on the company. The General Manager has no right to require allocation or payment of incentive premiums; the allocation thereof is the exclusive discretion of the Board.

### **Share options**

Share option programmes are applicable for the General Manager. The focus of the share option programmes is to retain and create long term shareholder value as well as to increase General Manager's motivation and loyalty for the company.

The intention of such grants is to ensure value creation and fulfilment of the company's long-term goals. The options are granted annually in connection with the Boards' consideration of the annual report and will be conditional upon sustained employment.

### **Other benefits and compensation**

The General Manager has access to several work-related benefits, including company car, free telephony, pension schemes, insurance policies:

- Accident insurance;
- Health insurance;
- Directors and Officers Liability Insurance.

### **Redundancy policy and notice period**

There is no agreed redundancy pay / compensation for voluntary or non – voluntary termination. General Manager may be paid redundancy pay. The amount of the redundancy pay may not exceed the sum of 12 (twelve) fixed salaries. Notice period is applied according to the effective legal acts.

### **Final provisions**

In order to avoid any conflict of interest, in setting the remuneration for a specific Executive, its amount, in assessing the KPI performance by the General Manager, the relevant Executive must disqualify himself from the discussion of his remuneration, KPI performance. In order to avoid any conflict of interest, the remuneration must be consistent with the provisions of the Remuneration Policy.

The Remuneration Policy is reviewed by the Board every four years and is submitted for approval for the annual general meeting. The Remuneration Policy may be amended having assessed the economic situation in the market, the financial results of the company, changes in the legislation governing the remuneration payment procedure.

The Remuneration Policy enters into force after its approval by the general meeting of shareholders. The Remuneration Policy after approval by the annual general meeting is published on the Company's website in the Lithuanian and English languages.