



*Approved by
AS VIRŠI-A
extraordinary shareholders' meeting
on 28 July 2021,
Minutes No. A/2021-2*

AS VIRŠI-A REMUNERATION POLICY OF THE MANAGEMENT BOARD AND THE COUNCIL

1. Purpose and basic principles

- 1.1. The purpose of this Policy is to determine the general principles, types and criteria of pay-out of remuneration of the Management Board and the Council of the Company.
- 1.2. The policy has been developed with the purpose to improve the corporate governance of the Company by providing clear, understandable and comprehensive information to the Shareholders of the Company on the remuneration of the Management Board and Council of the Company.
- 1.3. The remuneration of the members of the Management Board and the Council is determined on the basis of the principle of fairness and is granted for the actual and high-quality performance of duties, taking into account the actual performance results of the Company and the performance of the individual.
- 1.4. Remuneration of the members of the Management Board and the Council shall be determined and paid in accordance with the provisions of this Policy.
- 1.5. The Shareholders' Meeting determines and approves the amount of remuneration for the members of the Council, while the Council determines the amount of remuneration for the members of the Management Board.

2. Key definitions

- 2.1. **Shareholders** - persons who own one or more shares in the Company (an object of public circulation).
- 2.2. **Remuneration** - all types of (fixed and variable) remuneration before taxes (gross) and additional benefits.
- 2.3. **Fixed remuneration** - a fixed part of remuneration for work on the Management Board or Council of the Company, which is determined in accordance with a person's professional experience, position, responsibility, duties, education and other factors.
- 2.4. **Variable Remuneration** - annual and single-time bonuses granted to the Management Board in addition to the fixed remuneration, taking the provisions of this Policy into account.
- 2.5. **Council** - any member of the Council of the Company individually, as well as the Council of the Company as a whole.
- 2.6. **Additional benefits** - any kind of benefits that the Company may provide to the Management Board and Council of the Company in addition to the fixed and variable Remuneration, such as health insurance, professional liability insurance, paid participation in workshops and other professional development events, mobile phone and paid communication services, etc. specified in this Policy and the internal regulatory enactments of the Company.
- 2.7. **Policy** - this remuneration policy of the Management Board and the Council.
- 2.8. **Company** - joint stock company VIRŠI-A, registration No. 40003242737.
- 2.9. **Management Board** - any member of the Management Board of the Company individually, as well as the Management Board of the Company as a whole.

3. Types of remuneration and general principles

3.1. The remuneration of the Management Board and the Council includes all types of Remuneration received by the members of the Management Board or the Council from the Company and the companies belonging to the group of the Company.

Fixed remuneration

3.2. Fixed remuneration is determined taking into account the following criteria:

3.2.1. position held;

3.2.2. professional skills and education;

3.2.3. work and official duties;

3.2.4. level of responsibility, including:

3.2.4.1. responsibility for the work process and resources - describing the work, process, structural unit and volume of financial resources, for the management of which the relevant person is responsible;

3.2.4.2. responsibility for decisions - describes how comprehensive and influential the decisions made by the relevant person are;

3.2.5. additional skills and abilities that are essential for ensuring the operation of the Company and achieving the set goals;

3.2.6. the impact of the labour market and the financial position of the Company.

3.3. If an employment contract has been concluded with a member of the Management Board or the Council, the salary received by the member of the Management Board or the Council shall be considered as a part of the fixed remuneration of the member of the Management Board and the Council.

Variable remuneration

3.4. Variable remuneration may only be set for the Management Board; the Council shall not receive variable remuneration.

3.5. The amount of variable remuneration for the members of the Management Board is determined by the Council, taking into account the indicators characterising the actual results of the Company:

3.5.1. The amount of assets of the Company;

3.5.2. The amount of income of the Company before interest, taxes, depreciation and amortisation (EBITDA);

3.5.3. Company turnover;

3.5.4. Net turnover of the Company.

3.6. Variable remuneration may vary depending on the financial performance of the Company and is related to the short-term and long-term objectives of the Company and measurable operating results.

3.7. Variable remuneration is determined in a way in order to:

3.7.1. promote the long-term goals of the Company;

- 3.7.2. promote the actions determined by the Management Board and achieve the desired results;
- 3.7.3. form a link between remuneration and risk-taking in the Company.

The variable remuneration is related to the individual performance of the member of the Management Board, the fulfilment of goals and the overall financial results of the Company.

3.8. Variable remuneration is determined taking into account the following basic principles:

3.8.1. achievement of the set goals;

3.8.2. evaluating the individual quantitative and qualitative indicators of the Company and the relevant person (compliance with internal regulatory enactments, standards and limits, etc.);

3.8.3. excluding the possibility for the person to determine or participate in the determination of his or her remuneration;

3.8.4. reducing or not paying variable remuneration if the financial performance of the Company becomes worse or is negative;

3.8.5. the maximum annual variable remuneration shall not exceed 60% of the annual fixed remuneration.

3.9. Variable remuneration is only paid if it is permitted by the overall financial position of the Company and if it is justified in accordance with the results of the relevant structural unit and the individual. The conditions under which the payment of variable remuneration is deferred are determined by the Council on the basis of the financial status of the Company.

3.10. Variable remuneration should reflect the overall performance of the Company (e.g., *financial performance of the Company, financial performance of the Group, positive development dynamics, implementation of approved business plans both in the long term and short term and within specific projects, promotion of products/services in existing and new market segments, introduction of new products/service types, risk control, analysis, management and minimisation, concluded commercial transactions and contracts, financial settlements with cooperation partners, investment in the implementation of the projects of the Company, implementation of the objectives and the mission or the Company in accordance with the duties, opportunities and decisions of shareholders etc.*) as well as the personal contribution of the members of the Management Board in the activities of the Company (for example, *the actual amount of responsibilities of the Group company, workload and time investment in the interests of the Company, professionalism and competence, participation in the decision-making process of the Management Board, certain projects and/or work management and/or monitoring of their success and effectiveness, the level of responsibility for the Company's activities and decisions, involvement in the implementation of projects, purposes, tasks and missions of the Company, including financial and commercial activity, as well as relevant risk management, personnel affairs, work and environment protection, security management, providing legal protection for the Company, providing certification (ISO), etc.*).

3.11. The level of remuneration should also reflect external factors that affect the determination and modification of remuneration (*such as laws and regulations and other legislation stipulating legal conditions and restrictions on appropriate procedures, the actual situation in the local labour market, the supply and demand of labour resources and the resulting market value, etc.*).

3.12. No compensation shall be paid to a member of the Management Board and the Council for the termination of legal employment or other relations, unless provided for by external regulatory enactments.

3.13. The Company does not provide for additional payments for the pension of the members of the Management Board and the Council.

Other additional benefits

- 3.14. In addition to the fixed and variable remuneration, the members of the Management Board and the Council may be granted other additional benefits, including:
- 3.14.1. professional civil liability insurance;
 - 3.14.2. health and/or accident insurance;
 - 3.14.3. additional paid holidays, additional payments or benefits in accordance with the internal regulatory enactments of the Company;
 - 3.14.4. Use of a company vehicle or payment for the use of a personal car of a member of the Management Board for the performance of the official duties;
 - 3.14.5. paid training or participation in workshops to the extent necessary to achieve the goals of the Company.
- 3.15. Remuneration of members of the Management Board and the Council may be determined in connection with the grant of shares or personnel options, if this is provided in accordance with the regulations on the issue of options of the Company.

4. Corporate responsibility, application of the policy and other regulations

- 4.1. The Management Board of the Company reviews and updates the Policy, if necessary, at least once every three years after the approval of the previous wording of the Policy. If amendments are made to the Policy, they shall be approved by the Shareholders' Meeting, and it shall be deemed that the new wording of the Policy is approved with the approval of amendments.
- 4.2. Upon the election of a new Management Board and/or Council of the Company, the remuneration of the members of the Management Board and/or Council is determined in accordance with this Policy. Before giving written consent to the Company to hold a particular position in the Management Board or the Council, each member of the Management Board and the Council shall read the Policy.
- 4.3. The Policy enters into force on the day when it is approved by the Shareholders' Meeting of the Company.
- 4.4. The Policy shall be binding to all members of the Management Board and the Council.

Chair of the Shareholders' Meeting of
28 July 2021
Jānis Riekstiņš