

APPROVED

at the Annual General Meeting of Shareholders of
Joint Stock Company "Conexus Baltic Grid"
on the 12 of May, 2021
minutes No 1 (2021)

Riga, 12.05.2021.

No INA-POL-016

Remuneration Policy of the Board and the Council of Joint Stock Company "Conexus Baltic Grid"

I. The Purpose of the Policy

1. The purpose of the remuneration policy (hereinafter the "Policy") of the Board and the Council of Joint stock Company "Conexus Baltic Grid" (hereinafter the "Company") is to set united fundamental principles of the Company's Council members' or Board members' remuneration.

2. The Policy has been developed in accordance with the Article 58, Part 1, Point 3, Subpoint (j) of the Law on Governance of Capital Shares of a Public Person and Capital Companies.

3. In the Policy, the following terms have been used:

3.1 **remuneration** – the remuneration for performing the functions, tasks and duties of the Company's Board member or Council member, including the fixed part of the remuneration (gross) that includes salary, payments related to the office and other goods that are not related to the performance of the Company's Board member or Council member, as well as the variable part of the remuneration (gross) or the annual additional bonus (premium) and possible one-off payments that are given to the Company's Council member or Board member in addition to the fixed part of the remuneration during the fiscal year that are related to the performance of the Company's Board member or Council member;

3.2 **remuneration report** – the report on the remuneration of the Company's Council members and Board members that has been granted or paid out during the previous fiscal year or that is due for the previous fiscal year to each Company's Council member and Board member currently or previously in the office;

3.3 **compensation** – the compensation that the Company can grant to the Company's Board member in addition to the remuneration, incl. an one-off payment for complying with the non-compete obligation, for terminating the agreement or dismissing the Board member due to circumstances beyond Board member's control not related to the breach of the agreement concluded and/ or provisions of the internal and external laws and regulations, and other payments set out in the provisions of the respective agreement concluded with the member of the Board or the applicable regulatory act.

4. The Policy applies to all members of the Board and the Council and is applicable in setting their remuneration.

II. The Fundamental Principles of the Remuneration

5. The remuneration system is developed in a way to ensure the competencies needed to reach the Company's targets, promoting the implementation of the Company's mission, vision and strategy, the balance and competitiveness of the remuneration system.

6. The remuneration system is based on these fundamental principles:

- 6.1 **fairness** – the remuneration is appropriate to the professional qualifications, performance and responsibility of the Company’s Council member or Board member,
- 6.2 **competitiveness** – the level of the remuneration is in line with the market trends;
- 6.3 **transparency** – the remuneration system is clear to the Company’s shareholders, Council members and Board members, as well as the employees;
- 6.4 **motivation** – promotes development and will to continue cooperation with the Company.

III. Procedure for Setting and Paying-Out the Remuneration

7. Board members’ remuneration and compensation are set by the Company’s Council, taking into account the principles set in the Law on Governance of Capital Shares of a Public Person and Capital Companies, as well as the monthly salary limits mentioned in the Cabinet Regulation issued pursuant to this law, and the principles set in the Policy, by aligning the amount of the remuneration and compensation with the Board member’ scope of the responsibilities, incl. setting other remuneration and compensation, if necessary, than prescribed by the aforementioned law and the Cabinet Regulation.

8. Council members’ remuneration is set by the Company’s meeting of shareholders, taking into account the principles set in the Law on Governance of Capital Shares of a Public Person and Capital Companies, as well as the monthly salary limits mentioned in the Cabinet Regulation issued pursuant to this law, and the principles set in the Policy, by aligning the amount of the remuneration with the Council members’ scope of the responsibilities.

9. The variable part of the remuneration (bonus) is paid out on the basis of the audited annual report and the execution of the key performance indicators set for the Company. Its amount is set in accordance with the decision of the Company’s Council (in relation to the Board) and the Annual General Meeting of the Company’s Shareholders (in relation to the Council) respectively.

10. The Board of the Company prepares the annual remuneration report that is part of the Company’s financial statement, and it is published on the Company’s website.

11. In the remuneration report, the position and total remuneration of each specific Board member or Council member is included, as well as, if applicable, the amount of the compensation granted to them in the respective accounting period.

III. Implementation of the Policy

12. In order to prevent the risk of conflict of interest, the implementation of the Policy regarding the Council members’ remuneration is supervised by the Company’s Shareholders Meeting, whereas regarding the Board members’ remuneration it is supervised by the Company’s Council.

13. Company’s Board assesses the need to review the Policy, drafting the updated version of the Policy in accordance with the assessment and directing it for approval.

14. The Policy enters into force on the day of its approval.

Chairperson of the Board	(personal signature*)	Uldis Bariss
Member of the Board	(personal signature*)	Gints Freibergs
Member of the Board	(personal signature*)	Mārtiņš Gode
Chairman of the Annual General Meeting of Shareholders on 12 May 2021	(personal signature*)	Ģirts Apsītis

Secretary of the Annual General Meeting of Shareholders on 12 May 2021
(personal signature*)

Edijs Vaikuls

Shareholder - Person attesting the correctness of the minutes of Annual General Meeting of Shareholders on 12 May 2021: Member of the Board of Joint Stock Company "Conexus Baltic Grid" (personal signature*) Mārcis Kauliņš

* Document is signed with secure electronic signature