

**PROCEDURE
FOR REMUNERATION ALLOCATION AND PAYMENT FOR ACTIVITIES OF SUPERVISORY
COUNCIL AND BOARD MEMBERS
OF PUBLIC LIMITED LIABILITY COMPANY ŽEMAITIJOS PIENAS**

1. GENERAL

1.1. The present procedure for the allocation and payment of remuneration to the members of the Supervisory Council (hereinafter the 'Supervisory Council') and the Board (hereinafter the 'Board') (hereinafter the Supervisory Council and the Board both collectively referred to as the 'Collegial Bodies' and each individually as the 'Collegial Body') of the public limited liability company ŽEMAITIJOS PIENAS (hereinafter the 'Company') describes the main principles, terms and conditions and procedures for the allocation and payment (hereinafter the 'Procedure') of remuneration for activities of members of Collegial Bodies (hereinafter the 'Remuneration'). The Procedure has been developed based on section 7.6 point 3 and section 7.29 point 10 of the Articles of Association of the Company.

1.2. Following the Procedure, the Remuneration paid to the members of Collegial Bodies shall not be considered a salary, as well as any bonuses or other similar benefits, which could be related to the official subordination of members of the Collegial Bodies, or the payment of which could depend on whether the Company earned profit during a certain financial year.

1.3. The Remuneration may be paid only to independent members of the Collegial Bodies and / or the members who have no labour relations with the Company and / or subsidiaries of the Company.

1.4. The Remuneration shall be paid for the activities with one of the Collegial Bodies only. Where a member of the Collegial Body resigns from the relevant body or is removed from the office in the body, the remuneration payment shall be suspended from the termination of the office of the member with the corresponding Collegial Body. Moreover, in this case no severance pay or compensation shall be paid to the member.

1.5. The Procedure shall be determined (approved) and amended by a decision of the General Meeting of Shareholders of the Company.

1.6. The members of the Collegial Bodies and the Head of the Company shall familiarise with the Procedure under their signature.

2. COLLEGIAL BODY MEMBER ACTIVITY AGREEMENT

2.1. Where the Company's General Meeting of Shareholders has decided to pay the Remuneration in accordance with terms and conditions laid down by the Procedure, the agreements concerning the activity of a member of the Collegial Body shall be concluded with the relevant members of the Collegial Bodies (hereinafter the 'Agreement'). The main terms and conditions of the Agreement shall be approved by the General Meeting of Shareholders of the Company. Additional terms and conditions of the Agreement may be established at the discretion of the Supervisory Council. The Agreement with a member of the Collegial Body shall be signed by the Head of the Company or the person authorised by the Head of the Company.

2.2. The Agreement shall not be considered a contract of employment or any other contract that causes the Collegial Body member's subordination to the Company.

2.3. The Agreement shall terminate from the date the member of the Collegial Body resigns or is removed from the office by the Collegial Body.

3. DETERMINATION OF REMUNERATION AMOUNT

3.1. The annual Remuneration budget of the Company (the total amount payable to all members of the Collegial Bodies collectively over a period from the Annual General Meeting of Shareholders of one financial year to the Annual General Meeting of Shareholders of the following financial year, hereinafter the 'Remuneration Budget') shall be approved by the Annual General Meeting of Shareholders. If necessary, the Remuneration Budget may be approved for a shorter period, as well as the approval procedure may be carried out by the Extraordinary General Meeting of Shareholders.

3.2. Following to the Remuneration Budget approved by the General Meeting of Shareholders and the present Procedure, the Supervisory Council shall decide on the specific Remuneration amount for each member of the Collegial Bodies covered by the Procedure. The Supervisory Council, taking into account specific circumstances, may decide not to pay the Remuneration to the members of the Collegial Bodies. When deciding on the Remuneration payment or non-payment, the Supervisory Council must take into consideration the following:

3.2.1. The forecasted performance of the Company during relevant financial year;

3.2.2. The planned investments and / or business reorganization of the Company;

3.2.3. General market situation and the competitive environment, as well as other similar circumstances.

3.3. The Remuneration amount for each member of the Collegial Body covered by the Procedure may vary and must be determined taking into account the following:

3.3.1. The level of responsibility assumed by an individual member of the Collegial Body;

3.3.2. The scope of participation of an individual member of the Collegial Body in the activity of the Collegial Body and the Company (participation in meetings, activities carried out by committees, performance of other delegated functions, etc.);

3.3.3. Personal qualification and experience of an individual member of the Collegial Body, as well as similar related circumstances, including the criteria set by the Supervisory Council.

4. REMUNERATION PAYMENT PROCEDURE

4.1. The Remuneration to members of Collegial Bodies shall be paid for each month by the 10th day of next month, each time paying 1/12 (one twelfth) of the Remuneration amount allocated to specific members from the Remuneration Budget, as stipulated by points 3.1 to 3.3 of the Procedure, unless the parties agree otherwise. Where the Remuneration Budget is approved for a shorter period than the 12-month period, the monthly Remuneration amount payable to the member shall be determined by dividing the Remuneration amount approved for such member by the number of months for which the Remuneration has been determined.

4.2. The Remuneration to members of the Collegial Bodies shall be paid after deduction of all taxes and fees to be paid by a member of the Collegial Body or the Company, unless applicable law provides otherwise.

4.3. The Head of the Company shall ensure the timely payment of the Remuneration to members of the Collegial Body.

5. FINAL PROVISIONS

5.1. This procedure enters into force from 1 January 2017, after it is approved in the Meeting of the Shareholders and published in accordance with the procedure established by the legal acts