

**Approved**  
**by the extraordinary general meeting of shareholders**  
**of the Joint Stock Company “Latvijas Jūras medicīnas centrs” on November \_\_ 2020**

with the following voting results:  
total number of voting shares participating at the meeting \_\_\_\_\_  
votes cast out of the number of voting shares \_\_\_\_\_

percentage of voting capital represented by votes cast at the meeting of shareholders \_\_\_\_%  
number of votes "for" the approval of the remuneration policy \_\_\_\_\_  
number of votes "against" the approval of the remuneration policy \_\_\_\_\_

**Management Board and Supervisory Council Remuneration Policy**  
**of the Joint Stock Company “Latvijas Jūras medicīnas centrs”**

1. The remuneration policy (hereinafter - the **Policy**) for the Management Board and Supervisory Council of the Joint Stock Company “**Latvijas Jūras medicīnas centrs**”, unified registration number 40003306807 (hereinafter - **LJMC**) has been prepared with the purpose of ensuring compliance with Chapter III<sup>1</sup> of the Financial Instruments Market Law.
2. The Policy defines basic principles of remuneration for members of the Management Board and the Supervisory Council of LJMC with the objective of promotion of achievement of business objectives of LJMC and fostering long-term growth.
3. The Management Board of LJMC through consultation with the Supervisory Council, shall draft a remuneration Policy and submit it to the meeting of shareholders for approval at least once in a two-year period following approval of the previous remuneration Policy. In the event of any amendments to the remuneration Policy, any such amendments require approval of the shareholders’ meeting; the approval of amendments is treated as approval of the recast full text of remuneration Policy.
4. LJMC does not have a remuneration committee. According to the Commercial Law, it is the shareholders’ meeting that determines the remuneration of the Supervisory Council, while remuneration of the Management Board is determined by the Supervisory Council according to the Policy.
5. In view of the fact that LJMC's core business is provision of health care services and considering LJMC's interest in ensuring implementation of LJMC's strategy, long-term interests and sustainability, the remuneration of the Supervisory Council consists only of fixed remuneration component while the remuneration of the Management Board consists of both fixed and variable remuneration component.
6. The remuneration of the members of the Supervisory Council shall be determined by the shareholders' meeting through approval of total remuneration fund of the Supervisory Council. For the vote of the shareholders' meeting, such size of the remuneration fund of the Supervisory Council shall be proposed, which is related to the implementation of LJMC's strategy, long-term interests and sustainability. The distribution of the remuneration fund of the Supervisory Council among the members of the Supervisory Council is decided by the Supervisory Council itself taking due account of the Policy.
7. Remuneration for the members of the Management Board is determined by the Supervisory Council. The Supervisory Council determines the amount of the fixed component of the remuneration of the Management Board in monetary terms. In addition to the fixed component, the Supervisory Council may determine the variable component of the remuneration (additional pay and bonuses for achieving the goals set by the Supervisory Council, project implementation, etc.). The Supervisory Council determines distribution of the fixed and variable components of the remuneration of the Management Board among the members of the Management Board.

The maximum size of the variable component of the remuneration of the Management Board may be up to 100% of the total remuneration component of the Management Board within the financial year.

The performance criteria for entitlement to the variable component of remuneration and the methods for determination of fulfilment of such criteria shall be determined by the Supervisory Council. The criteria must be quantifiable or verifiable. The payment of the variable remuneration component is not subject deferral. No specific mechanism is envisaged for reclaiming the variable remuneration component already paid.

The size of the Management Board's remuneration fund shall be related to the implementation of LJMC's strategy, long-term interests, sustainability, LJMC's budget and its execution, as well as LJMC's general financial standing.

The fixed component of the Management Board's remuneration enables to ensure adequate remuneration of the efforts of the Management Board for the management of LJMC and ensuring of continuous provision of high-level health care services during the reporting period and in the long term. Variable component of the remuneration of the Management Board opens the possibility for the Supervisory Council to flexibly adapt to the situation and appropriately remunerate the Management Board for achieving specific goals set by the Supervisory Council in accordance with LJMC strategy and current LJMC business interests.

8. The decisions of the Supervisory Council on remuneration matters shall be adopted under such procedure as to ensure that conflicts of interest are avoided and eliminated.
9. The size of remuneration for each individual member of the Management Board or the Supervisory Council shall be determined taking into account the respective member's:
  - 1) professional experience and competence;
  - 2) education;
  - 3) the actual amount of duties and workload;
  - 4) the degree of complexity of duties and responsibility;
  - 5) personal contribution; and
  - 6) ensuring proper motivation with due account to labour market situation
10. Remuneration of the Management Board and Supervisory Council shall not be stock related or by means of early retirement plans. No special entitlements are provided for the members of the Management Board and the Supervisory Council in connection with the termination of their agreements.
11. In determination of remuneration principles of the Management Board and the Supervisory Council, it has been taken into account that the principles of remuneration and employment of LJMC employees do not provide for stock related remuneration or early retirement plans. Therefore, such types of remuneration are not provided for the members of the Management Board and the Supervisory Council.
12. Pursuant to the articles of association of LJMC, the term of office of the members of the Management Board is 3 (three) years, but the Supervisory Council is elected for a term not exceeding 5 (five) years. According to the Commercial Law, a member of the Management Board may be removed by a decision of the Supervisory Council for good reason. In any event, gross breach of authority, failure or improper performance of duties, inability to manage LJMC, causing of damage to LJMC's interests, as well as vote of no confidence by the shareholders' meeting are deemed to constitute good reasons. According to the Commercial Law, a member of the Supervisory Council may be removed from office at any time by resolution of the shareholders' meeting.
13. On the basis of a separate employment contract members of the Management Board may receive additional remuneration for the performance of work that is not related to their duties in the capacity of the Management Board members.
14. The Management Board of LJMC shall prepare a clear and understandable annual report on remuneration granted to or paid out during the past financial year, or to which each present and former member of the Management Board or Supervisory Council is entitled to for the past financial year (hereinafter - the **Remuneration Report**). The Remuneration Report shall comprise information allowing to identify each member of the Management Board or Supervisory Council (at least name, surname and position), as well as the following information on the remuneration to each member of the Management Board and Supervisory Council:

- 1) total remuneration in a breakdown by parts of remuneration, and the percentage of the fixed and variable parts;
- 2) an explanation as to the compliance of total remuneration with the remuneration policy, how this has promoted the long-term performance of LJMC, and how the criteria of performance indicators of LJMC have been applied when determining the remuneration;
- 3) changes in the period of the last five financial years, allowing comparison, in respect of the remuneration to the Management Board and Supervisory Council, overall performance of LJMC, as well as average remuneration of a LJMC equivalent employees working full-time (excluding members of the Management Board and Supervisory Council);
- 4) remuneration received from another LJMC Group company within the meaning of the law On the Annual Financial Statements and Consolidated Financial Statements (Information on remuneration received from another company that is part of the LJMC group is indicated if LJMC becomes a group company);
- 5) applied temporary derogations, including the description of the nature of the exceptional case and a reference to the specified parts of the remuneration policy to which temporary derogations have been applied.

If any of the aforementioned requirements has not been applied or is not relevant, it should be explicitly stated in the Remuneration Report.

15. The Remuneration Report shall not disclose personal information on the members of the Management Board and the Supervisory Council within the meaning of Article 9, Paragraph 1 of the Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation), nor information related to the family status of members of the Management Board and Supervisory Council. In such a case, the Remuneration Report shall disclose the parts of the remuneration related to the family status by specifying the remuneration amount only, without disclosing the grounds for its granting.
16. The Management Board of LJMC shall prepare the Remuneration Report as a separate part of the annual financial statement and shall submit it to the shareholders' meeting, to be examined together with all other constituent parts of the annual financial statement. In the Remuneration Report, the Management Board shall explain how the vote of shareholders' meeting and the opinions of shareholders regarding the previous Remuneration Report have been taken into account.
17. The Management Board of LJMC shall ensure that the Remuneration Report be posted on the LJMC's website immediately after the shareholders' meeting and remains publicly accessible there for free for no less than 10 years after its posting date.
18. Until the Policy is approved by the LJMC shareholders' meeting and becomes effective, the remuneration of the members of the Supervisory Council and the Management Board of LJMC shall be paid in accordance with the previously existing practice of LJMC.
19. In an exceptional case, LJMC may apply a temporary derogation from the Policy (derogation from fixed and/or variable component of the remuneration). An exceptional case is limited to ensuring long-term interests, sustainability or solvency of LJMC. In the event of derogation, the institution applying the derogation from the Policy shall prepare a written justification of the necessity and utility of the derogation.
20. This Policy shall be applicable from the next calendar month after its approval at the shareholders' meeting or on the next day, if the remaining period until the end of the year is less than 1 month.