

APPROVED

by the decision of the Board of the  
State Enterprise Ignalina Nuclear  
Power Plant  
(Protocol No. 2021-7/VPP-8(1.160E)  
of 12 May 2021)

## **IGNALINA NUCLEAR POWER PLANT REMUNERATION POLICY**

1. The remuneration policy (hereinafter – the remuneration policy) of the State Enterprise Ignalina Nuclear Power Plant (hereinafter – the enterprise, INPP) sets out the basic principles and guidelines for the management of labour remuneration at the enterprise, the application of which will contribute to the fulfilment the State’s expectations concerning attracting, retaining and motivating employees having the necessary competence to implement the objectives of the enterprise with the aim to ensure the success of the enterprise’s activities and to increase its efficiency.

2. The remuneration policy complies with the provisions of the Labour Code of the Republic of Lithuania, the Activity Strategy of the State Enterprise Ignalina Nuclear Power Plant, DVSta-0102-1, the Management System Manual of the State Enterprise Ignalina Nuclear Power Plant, DVSta-0108-4.

3. The objective of the remuneration policy is to set out unified, equitable, fair and motivating principles and guidelines for the labour remuneration of employees of the enterprise, which create incentives for employees to contribute to the implementation of the objectives established by the Activity strategy of the enterprise, and to manage effectively the labour remuneration funds.

4. By organizing the employee’s labour remuneration, the enterprise aims to:

4.1. *Internal equity* – to pay equal salary within the limits of the salary system for work which creates the same or equal value, thereby forming a sense of fair remuneration for employees.

4.2. *External competitiveness* – to pay the salary that is competitive with the national labour market, thereby enabling to attract and retain the employees having the necessary competence.

4.3. *Motivation* – to pay motivating salary and apply additional financial and non-financial benefits, which motivates employees to implement the established enterprise’s objectives, increasing employee engagement and empowerment, and forming the enterprise’s image as an attractive employer in the labour market.

4.4. *Fairness* – to avoid any discrimination based on age, gender, race, nationality, language, origin, social status, religion, beliefs, opinions and memberships of political or employee representative organizations, and apply clear and transparent rules on labour remuneration.

4.5. *Flexibility* — to have the possibility to apply exceptions in determining the remuneration if it is necessary to employ or retain an employee having competences that are significant for the enterprise's activities.

### **Remuneration of the enterprise's employees**

5. The remuneration of the enterprise's employees consists of:

- basic salary;
- fixed supplement;
- variable supplement according to the results;
- other payments by the Labour Code of the Republic of Lithuania;
- additional economic and social guarantees and other benefits by the Collective Agreement of the enterprise;
- additional financial and non-financial benefits to motivate employees.

6. The salary (monthly salary and its variable part) of the Director General of the enterprise is determined by the decision of the Minister of Energy of the Republic of Lithuania by the procedure established by the Government of the Republic of Lithuania.

7. The salary of other employees of the enterprise is determined by the Director General according to the Labour Code of the Republic of Lithuania and the Rules for the remuneration and motivation of the enterprise's employees.

### **Evaluation of job positions**

8. The basis for determining the basic salary of the enterprise's employees is the job positions structure at the enterprise, which consists of positions divided into levels, based on the methodology of the job positions evaluation, which is applied at the enterprise. To compare objectively the salaries of the enterprise's employees within the market, the enterprise intends to apply the methodology of the job positions evaluation, which is recognized and widely used in the market.

9. For the job positions evaluation, an external organization conducting the researches in the field of remuneration is involved and/or a committee on the job positions evaluation may be formed within the enterprise, the members of which are specially trained employees. The procedure and process for the job positions evaluation are determined by the Procedure for the job positions evaluation at the enterprise.

### **Limits of the basic salary amounts**

10. There are set out the basic salary amounts limits for each level of the job position ranging from 75% (minimum) to 125% (maximum). By 2023, to achieve external competitiveness and internal fairness, the enterprise intends to apply the limits of the basic salary amounts, which are ranging from 80% (minimum) to 120% (maximum), and to consider as a reference point (median) – the median salary in the comparable market of the Republic of Lithuania, which includes the energy, construction and production sectors.

11. To ensure the competitiveness of salaries for enterprise's employees, the enterprise participates each year in the market researches in the field of remuneration and evaluates the comparable national market, the salaries which are paid to the enterprise's employees (*Total Cash*), the enterprise's experience in attracting and retaining employees having the necessary qualification, national macroeconomic indicators and their forecasts. If significant differences between the enterprise's job positions levels average salary and the median salary in the comparable market are identified, then a proposal is submitted to the Board of the enterprise regarding reviewing the limits of the basic salary amounts.

12. If inconsistent differences between the certain job positions levels median salary in the comparable market are observed, to ensure the consistent and proportionate ratio between the basic salary amounts for the job position levels at the enterprise, the equalization median may be used as a reference point, which reflects a coherent and reasonable difference between the median values of the basic salary amounts for the job position levels.

### **Determination and review of the basic salary**

13. The basic salary amount for the enterprise's employees depends on the employee's job position level and is determined taking into account the competence, experience, substitutability and the specific of the job position within the limits of the basic salary limit amounts for the respective job position level. The enterprise aims to ensure by 2026 at the latest that the average salary of employees at all job position levels corresponds to the value of the median salary in the comparable market and/or equalization median for the corresponding job position level.

14. In individual, exceptional cases, with the approval of the Board of the enterprise, the basic salary exceeding the maximum limit of the job position level basic salary amounts may be determined.

15. Each year, during the annual activity evaluation interview, the achievement of the employee's activity results, as well as employee's behaviour, personal qualities, skills and competencies are evaluated. The review of the employee's basic salary depends on the employee's activity evaluation results and the basic salary review fund.

16. The basic salary of the enterprise's employees may also be reviewed in the following cases:

16.1. after evaluating the employee's activities at the end of the probationary or introductory period;

16.2. upon transfer to another job position and/or change of the employee's job position level;

16.3. after evaluating the employee's activity during the extraordinary activity evaluation;

16.4. the implementation of changes in the organization of work, reviewing the functions and responsibilities of employees;

16.5. in other cases, as set out in the Rules for the remuneration and motivation of the enterprise's employees.

17. The basic salary of the enterprise's employees is reviewed by the Procedure for the reviewing of the basic salary of the enterprise's employees.

#### **Determination of the fixed supplement**

18. The fixed supplement is paid to employees working in the conditions of deviation from normal working conditions. The amount (s) of the unified fixed supplement (s) applicable to employees is (are) determined according to the level of deviation from normal working conditions and may be changed when the employee's working conditions change. The amounts of the fixed supplement and the levels of working conditions are determined by the Rules for the remuneration and motivation of the enterprise's employees and the Procedure for determining working and rest time in case of deviations from normal working conditions.

#### **Determination of the variable supplement according to the results**

19. Employees of the enterprise may be paid the variable supplement according to the results, taking into account the achievement of established indicators/tasks of the performance of activities by the enterprise/unit/program/project and/or individual employee, according to specific incentive schemes, to motivate employees for effective indicators/tasks implementation. The amount of the variable supplement according to the results may reach up to 30% of the employee's basic salary within the fixed period of application of the specific incentive scheme. The development of employee's incentive schemes at the enterprise, the set out of the variable supplement according to the results and its payment is determined by the Procedure for the employee incentive scheme development at the enterprise.

### **Additional benefits**

20. The enterprise applies additional financial benefits to increase the qualifications and competencies of employees, to compensate for the additional travel and/or living expenses of an employee whose main working place is remote from his actual place of residence, for certain risks of the employee or his family, or facilitating the financial burden affected by events, strengthening family welfare, health improvement and other benefits set out in the Collective Agreement of the enterprise.

21. To increase the loyalty of employees and create an image of a stable and attractive organization, the enterprise applies additional non-financial benefits, including flexible working and rest conditions, modern working means and attractive working environment, as well as the measures to increase employee satisfaction and social responsibility. Additional non-financial benefits are set out in the enterprise's internal legislation and are published on the enterprise's internal website.

### **Final provisions**

22. The remuneration policy is approved, amended or repealed by the Board of the enterprise. The remuneration policy is reviewed as necessary, but at least once every 3 years.

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2021-05-18*