

# **ARTICLES OF ASSOCIATION OF AB ENERGIJOS SKIRSTYMO OPERATORIUS**

## **I. GENERAL PART**

1. The company name is AB Energijos Skirstymo Operatorius (hereinafter referred to as the Company).
2. The Company is an independent private legal entity of limited civil liability established for an indefinite period and operating in accordance with the laws of the Republic of Lithuania. The Company's authorised capital is divided into parts called shares.
3. In pursuing its activities the Company follows laws and other regulations as well as the present Articles of Association. The Articles of Association of the Company is the main document of the Company of the highest legal force.
4. The Company and its parent company as well as the legal entities directly and indirectly controlled by the parent company constitute a group of companies (hereinafter referred to as the "group of companies"). The group of companies is not a legal entity. The Company is not liable for the obligations of the group of companies and the group of companies – for the Company's obligations.
5. Following the requirements of the legislation and the present Articles of Association, the parent company has the right to approve the guidelines and rules for the operation of the Company, annual financial plan, annual rate of return on assets and maximum amount of liabilities as well as to establish other operational parameters of the Company which must be followed by the Company.
6. The legal form of the Company is public limited liability company.
7. The financial year of the Company is calendar year.
8. The bodies of the Company are the General Meeting of Shareholders, collegial supervisory body - the Supervisory Board, collegial management body - the Management Board and the sole governing body - Chief Executive Officer.

## **II. OBJECTIVES AND OBJECT OF ACTIVITIES OF THE COMPANY**

9. The objective of the Company's activities is reliable and efficient performance of the functions of the operator of electricity and natural gas distribution system in order to secure the interests of the Company and its shareholders.
10. The object of the Company's activities is the following:
  - 10.1. reliable and safe transmission of electrical energy to consumers via distribution networks,

- 10.2. reliable and safe transportation and delivery of natural gas to consumers via distribution networks,
  - 10.3. operation, maintenance, control and development of natural gas distribution system and electricity distribution networks,
  - 10.4. guarantee supply of electrical energy and natural gas to consumers,
  - 10.5. catering to other needs of electricity consumers and the users of natural gas system,
  - 10.6. other activities which are consistent with the Company's operational objectives and laws of the Republic of Lithuania.
11. The bodies of the Company and their members act to the best interests of the Company and all the shareholders of the Company. The Company's management bodies must strive to achieve the Company's operational objectives in accordance with laws, other legislation, the present Articles of Association and internal documents of the Company.

### **III. AUTHORISED CAPITAL AND SHARES**

12. The authorised capital of the Company amounts to EUR 259,442,796.57 (two hundred fifty nine million four hundred forty two thousand seven hundred and ninety six Euro 57 ct). The Company's authorised capital is divided into 894,630,333 (eight hundred ninety four million six hundred thirty thousand three hundred thirty three) ordinary registered shares with the par value of EUR 0.29 EUR (twenty nine cents) each. One ordinary registered share amounting to EUR 0.29 (twenty nine cents) grants its owner one vote at the General Meeting of Shareholders.
13. The Company issues one class shares, namely ordinary registered shares. All shares of the Company are uncertificated. They are recorded as entries in personal securities accounts of shareholders.

### **IV. SHAREHOLDERS AND RIGHTS OF SHAREHOLDERS**

14. The shareholders have property and non-property rights provided for in laws, other legislation and these Articles of Association.
15. The management bodies of the Company provide proper conditions for the implementation of the rights of the Company's shareholders.

### **V. GENERAL MEETING OF SHAREHOLDERS OF THE COMPANY**

16. The General Meeting of Shareholders is the supreme body of the Company.
17. The competence of the General Meeting of Shareholders, the procedure for convening thereof and decision-making is laid down in laws, other legislation and the present Articles of Association.
18. Additional competence of the General Meeting of Shareholders is the following:
- 18.1. decision-making on the conclusion of contracts with members of the Supervisory Board of the Company and the Chairman of the Supervisory Board provided for in Articles 24 and 32 of the Articles of Association and the terms and conditions thereof as well as the appointment of a person authorised to sign such contracts on behalf of the Company;

- 18.2. decision-making on approval or disapproval of the Company's annual report and interim report adopted with a view to making a decision on allocation of dividends for the period shorter than the financial year.

## **VI. SUPERVISORY BOARD OF THE COMPANY**

19. The Supervisory Board is a collegial body performing supervision of the activities of the Company.
20. The Supervisory Board consists of 3 (three) members – natural persons. The Supervisory Board consists of at least 1/3 (one third) of independent members, and more than a half of members of the Supervisory Board must not be in the employment relationship with the Company. The Supervisory Board is elected for the term of office of four (4) years by the General Meeting of Shareholders. The Supervisory Board or members thereof begin and end their activities according to the procedure and within the time limits set forth in legislation.
21. When nominating candidates to members of the Supervisory Board, the person nominating such candidates must submit to the General Meeting of Shareholders written explanations regarding the qualifications, experience in managerial position, eligibility for holding the position of a member of the Supervisory Board with regard to the restrictions set out in Article 23 hereof.
22. Each candidate to members of the Supervisory Board must furnish the General Meeting of Shareholders with a written consent to stand as a candidate for the position of a member of the Supervisory Board and the candidate's declaration of interests indicating all circumstances which could lead to a conflict of interest between the candidate and the Company. In case of emergence of new circumstances which could lead to a conflict of interests between the member of Supervisory Board and the Company, a member of Supervisory Board must immediately inform the Supervisory Board and the Company about such new circumstances in writing.
23. The following persons cannot be the members of the Supervisory Board:
  - 23.1. the Chief Executive Officer of the Company;
  - 23.2. a member of the Board of the Company;
  - 23.3. a Member of the Management body of the subsidiary;
  - 23.4. a member of the supervisory body, management body or the administration of the legal entity engaged in electrical energy or natural gas transmission or production (extraction) activities, or of another legal entity engaged in natural gas and/or electrical energy supply activities;
  - 23.5. an auditor or employee of an audit firm participating and/or having participated in conducting an audit of a set of the Company's financial statements since which less than 2 (two) years have passed;
  - 23.6. a person who has no right to hold the office according to the legislation.
24. The Supervisory Board members may be subject to a contract on the activities in the Supervisory Board which set out their rights, duties and responsibilities. Upon decision of the General Meeting of Shareholders, independent members of the Supervisory Board may be paid remuneration for their activities in the Supervisory Board. The terms and conditions of the contracts concluded with the members of the Supervisory Board and the criteria of independence of Supervisory Board members are defined by the General Meeting of Shareholders in accordance with statutory requirements and good corporate governance practice.

25. A member of the Supervisory Board may resign from office before the expiry of his term of office by giving a prior written 14 days' notice thereof to the Company in accordance with the procedure prescribed by laws.
26. If a member of the Supervisory Board is recalled from office, resigns or discontinues the performance of his duties for other reasons and the shareholders whose shares carry at least 1/10 of all votes object to the election of individual members of the Supervisory Board, the Supervisory Board loses its powers, and the entire Supervisory Board becomes subject to election. Where individual members of the Supervisory Board are elected, they are elected only until the expiry of the term of office of the current Supervisory Board.
27. The Supervisory Board is managed by its Chairman. The Supervisory Board elects the Chairman of the Supervisory Board from among its members. Chairman of the Supervisory Board convenes meetings of the Supervisory Board and chair them. If the Chairman of Supervisory Board is absent or unable to hold his office, meetings of the Supervisory Board are convened and chaired by the oldest member of the Board in terms of age.
28. The competence of the Supervisory Board includes the following:
  - 28.1. discussing and approving the Company's operating strategy, analysing, and assessing information on the implementation of the Company's activity strategy, provision of this information to an ordinary general meeting of shareholders;
  - 28.2. to elect members of the Management Board and recall them from office;
  - 28.3. to supervise the activities of the Management Board and the Chief Executive Officer;
  - 28.4. to present to the General Meeting of Shareholders comments are proposals on:
    - 28.4.1. the set of annual financial statements, draft of profit/loss appropriation and the annual report of the Company;
    - 28.4.2. decision-making on draft allocation of dividends for a period shorter than the financial year;
    - 28.4.3. the interim set of annual financial statements drawn up for decision-making on allocation of dividends for a period shorter than the financial year, and on an interim report;
    - 28.4.4. activities of the Board or the Chief Executive Officer;
  - 28.5. taking into consideration the conclusion of the company's Audit Committee, to provide an opinion regarding the company's transactions planned to be made with an associated party if they are made:
    - 28.5.1. under unusual market conditions and/or
    - 28.5.2. are not assigned to the company's usual business activities and/or
    - 28.5.3. the amount of these transactions is larger than 1/20 of the company's authorised capital, except (i) the transactions which are necessary to ensure the company's main activities; (ii) the transactions regarding services which prices are regulated by the State or regulated activity services are purchased or sold by a public auction or other way of public selection; (iii) the transactions which must be made according to the requirements of legislation.
  - 28.6. to submit proposals to the Management Board and the Chief Executive Officer to revoke their decisions which are in conflict with laws and other legislation, the present Articles of Association of the Company or the decisions of the General Meeting of Shareholders;

- 28.7. to address other issues assigned to the scope of powers of the Supervisory Board by the Articles of Association of the Company as well as by decisions of the General Meeting of Shareholders regarding the supervision of the activities of the Company and its management bodies.
29. Additional competence of the Supervisory Board includes the following:
- 29.1. to make decisions on the terms and conditions of the contracts provided for in Article 42 hereof with members of the Management Board and the Chairman of the Management Board on the activities in the Management Board, including establishment of the remuneration for work at the Management Board, and appointment of the person authorised to sign such contracts on behalf of the Company;
- 29.2. to submit comments and proposals to the Management Board on decisions to be made and/or already made and documents and/or drafts referred to in Articles 47.1, , 47.6, 47.7, 48.2 and 48.3 hereof, respectively;
- 29.3. to provide comments and proposals to the decisions made or planned to be made by the Management Board and/or the Chief Executive Officer upon request of the Management Board and/or the Chief Executive Officer;
30. The Supervisory Board does not have the right to assign or transfer the functions attributed to its competence by laws and the Articles of Association to any other bodies of the Company.
31. The Supervisory Board is entitled to ask the Management Board of the Company and the Chief Executive Officer of the Company to submit the documents related to the activities of the Company and the Management Board, and the Chief Executive Officer must ensure that the documents and information were submitted to the Supervisory Board within a reasonable period of time.
32. The Supervisory Board members must keep commercial (industrial) secrets and confidential information they obtained while holding the office of members of the Supervisory Board. Members of the Supervisory Board may be subject to confidential information protection agreements the terms and conditions whereof sre approved by the General Meeting of Shareholders.
33. Decision-making and working procedure of the Supervisory Board:
- 33.1. the working procedure of the Supervisory Board is laid down in the Rules of Procedure of the Supervisory Board adopted thereby;
- 33.2. the Supervisory Board takes its decisions during the meetings of the Supervisory Board. Minutes must be taken of meetings of the Supervisory Board;
- 33.3. meetings of the Supervisory Board shall be held at least once per quarter. The meetings of the Supervisory Board are convened by the Chairman of the Supervisory Board. Meetings of the Supervisory Board may also be convened by the decision of at least 1/3 (one third) of members of the Supervisory Board. The Supervisory Board must provide an opportunity to be present in its meetings and provide explanations for the Board members, the Chief Executive Officer and other employees when dealing with their activity-related issues;
- 33.4. if one or more members of the Management Board, the Chairman of the Management Board or the entire Management Board resign or are removed from office, a meeting of the Supervisory Board, where new members of the Board or the entire Board are to be elected, is convened immediately;

- 33.5. the Supervisory Board may take decisions, and its meeting are considered to have been held if attended by more than a half of members of the Supervisory Board;
- 33.6. a decision of the Supervisory Board is taken if the majority of the members of the Supervisory Council attending the meeting voted in favour of it.. Where equal votes are cast “for” and “against”, the Chairman of the Supervisory Board has the casting vote. A decision to remove a member of the Board from office may be taken if at least 2/3 (two thirds) of the Supervisory Board members present at the meeting vote for it;
- 33.7. the Supervisory Board members must be present in the meetings of the Supervisory Board and vote for or against each issue in question. A Supervisory Board member is be entitled to refuse to vote or abstain from voting, except the cases where a conflict of interest between a member of the Supervisory Board and the Company may occur or on other grounds set forth in these Articles of Association or the legislation. A member of the Supervisory Board is entitled to grant a power of attorney in a simple written form to another member of the Supervisory Board to represent him during the voting at the Supervisory Board meeting;
- 33.8. the Supervisory Board members who are unable to personally be present at the Supervisory Board meeting must vote in advance in writing or by electronic means if the security of information transmitted is guaranteed and the voting person can be identified. The Supervisory Board members who voted in advance in writing or by means of electronic communications are considered to have participated in the Supervisory Board meeting.
- 34. The Company must ensure proper conditions for the work of the Supervisory Board and the Supervisory Board members during the meetings of the Supervisory Board by providing them with necessary technical and organisational means. The functions of serving meetings of the Supervisory Council shall be performed by employees of the parent company responsible for the organisation of decision-making by management and supervisory bodies in the Company or other employees appointed by the General Manager.

## **VII. MANAGEMENT BOARD OF THE COMPANY**

- 35. The Board is a collegial management body of the Company.
- 36. The Board is elected and recalled by the Supervisory Board in accordance with the procedure set forth herein and in the legislation. The Board is accountable to the Supervisory Board and the General Meeting of Shareholders.
- 37. The Management Board consists of five (5) members who are elected for the term of office of four (4) years. The office of the Management Board commences and expires under the procedure and within the time limits provided for in laws.
- 38. When nominating candidates to the members of the Management Board, the person nominating such candidates must submit to the General Meeting of Shareholders written explanations regarding the qualifications, experience gained while holding a managerial position, eligibility for holding the position of a member of the Management Board with regard to the restrictions set out in Article 40 hereof.
- 39. Each candidate to members of the Management Board must furnish the Supervisory Board with a written consent to stand as a candidate to the position of the member of the Management Board and the candidate’s declaration of interests indicating all circumstances which could lead to a conflict of interests between the candidate and the Company. In case of emergence of new

circumstances which could lead to a conflict of interests between the member of the Management Board and the Company, the member of the Management Board must immediately inform the Management Board and the Supervisory Board about such new circumstances in writing.

40. The member of the Management Board may not be:
  - 40.1. a member of the Supervisory Board of the Company or the parent company;
  - 40.2. a member of the supervisory body, management body or the administration of the legal entity engaged in electrical energy or natural gas transmission or production (extraction) activities, or of another legal entity engaged in natural gas and/or electrical energy supply activities;
  - 40.3. an auditor or an employee of an audit firm participating and/or having participated in conducting an audit of a set of the Company's financial statements since which less than 2 years have passed;
  - 40.4. a person who has no right to hold the office according to legislation.
41. The Management Board members may not be engaged in other work or hold another office which would be incompatible with their work at the Management Board, including managerial positions in other legal persons (except for the duties and work in the Company and the group of companies), work as a civil servant as well as work at statutory service. The members of the Board are allowed to hold another office or have another job, except for the positions in the Company, group of companies and other legal entities, where the Company is a member, as well as educational, creative and author's activities only with a prior consent of the Supervisory Board.
42. Prior to commencing holding their offices, members of the Management Board may be subject to a contract on the activity at the Management Board which sets out their rights (including the right to remuneration for the activities at the Board, if a decision to pay such remuneration has been made), duties and responsibilities. The terms and conditions of the contracts with the members of the Management Board are determined by the Supervisory Board.
43. The Management Board elects the Chairman of the Management Board from among its members.
44. If the Management Board is recalled from office, resigns or otherwise ceases to hold the office before the expiry of the term of office, a new Board is elected for a new term of office of the Management Board. If individual members of the Management Board are elected, they are elected only until the expiry of the term of office of the current Management Board.
45. A member of the Management Board may resign before the expiry of his term of office by giving a prior written 14-days' notice to the Company in accordance with the procedure prescribed by laws.
46. The competence of the Management Board, the procedure for decision-making, election and removal of its members are defined by laws, other legislation, the present Articles of Association and the Rules of Procedure of the Management Board.
47. The Board considers and approves the following:
  - 47.1. the operating budget of the Company;

- 47.2. the Company's management and organisational structure, job descriptions of employees, and the maximum number of positions;
  - 47.3. positions where to employees are recruited through competition;
  - 47.4. the regulations of branches and representative offices of the Company;
  - 47.5. a list of confidential information and commercial (industrial) secrets;
  - 47.6. the Company's annual report;
  - 47.7. the Company's interim report made for the decision-making on the allocation of dividends for a period shorter than the financial year;
  - 47.8. natural gas distribution prices;
  - 47.9. the prices of guaranteed natural gas supply;
  - 47.10. electrical energy distribution prices presented by the Chief Executive Officer, specific electrical energy distribution prices and tariffs, also the prices and tariffs of public supply services and of public electrical energy, if the Company is engaged in public supply of electrical energy, and the procedure for the application thereof;
48. The Board analyses and evaluates the following:
- 48.1. draft operating strategy submitted by the Manager of the Company and information on implementation of the operating strategy of the Company;
  - 48.2. the set of annual financial statements of the Company, the draft of the Company's profit (loss) distribution;
  - 48.3. the set of interim financial statements of the Company drawn up to decide on the allocation of dividends for a period shorter than the financial year and a draft decision on dividends for a period shorter than the financial year;
  - 48.4. the organisation of the Company's activities;
  - 48.5. the financial status of the Company;
  - 48.6. results of business activities of the Company, income and expenditure estimates, the stocktaking and other accounting data of changes in the assets.
49. The documents referred to in Article 47.1 and/or the drafts thereof are submitted by the Management Board to the Supervisory Board and documents and/or draft documents referred to in Articles 47.6, 47.7, 48.2 and 48.3 hereof are presented by the Board to the Supervisory Board and the General Meeting of Shareholders.
50. The Board makes decisions on conclusion of the following transactions (except for the cases when transactions meeting such criteria are foreseen in the operating budget of the Company, or the approved financial plan of the Company is implemented through conclusion of such transactions):
- 50.1. decisions on the investment, disposal or lease of the fixed assets the book value whereof exceeds EUR 3,000,000 (three million Euro) (calculated individually for every type of transaction);
  - 50.2. decisions on the pledge or mortgage of the fixed assets the book value whereof exceeds EUR 3,000,000 (three million Euro) (calculated for the total amount of transactions);
  - 50.3. decisions on surety or guarantee for the discharge of obligations of third parties the amount whereof exceeds EUR 3,000,000 (three million Euro);
  - 50.4. decisions on acquisition of fixed assets at a price greater than EUR 3,000,000 (three million Euro), except for cases when the Company acquires such assets for the connection of



- electrical equipment of consumers, producers or other persons to electricity grids or the reconstruction (removal) of the Company's electrical equipment at the request of third persons;
- 50.5. decisions on the conclusion of other transactions the value whereof exceeds EUR 3,000,000 (three million);
- 50.6. When adopting the decisions referred to in this Article of the Articles of Association, the Board approves the essential terms and conditions of such transactions.
51. The Board decides on:
- 51.1. becoming of the Company an incorporator or member of other legal persons;
  - 51.2. establishment of branches and representative offices of the Company and termination of the activities thereof as well as the approval and amendment of their regulations;
  - 51.3. any assignment of shares (parts, stocks) held by the Company or the rights granted thereby to other persons or restriction thereof;
  - 51.4. approval of the candidates to the management bodies of companies in which the Company is a shareholder, the company's branches and representative offices;
  - 51.5. presence and voting at the General Meetings of Shareholders of the companies in which the Company is a shareholder and the appointment of a person who would implement the decision of the Management Board in a particular General Meeting of Shareholders of the company in which the Company is a shareholder.
52. The Board makes the following decisions:
- 52.1. to issue debentures of the Company (except for convertible debentures);
  - 52.2. to approve the procedure for allocating support and charity;
  - 52.3. to provide support or charity, or otherwise dispose of assets free of charge according to the procedure approved by the Management Board;
  - 52.4. on other issues assigned to the competence of the Management Board by laws, these Articles of Association or the General Meeting of Shareholders, as well as on the issues (including conclusion of transactions) wherefor the Chief Executive Officer applies to the Management.
53. If, under the Articles of Association or the laws, the approval of the General Meeting of Shareholders is required for the decisions of the Management Board, the decisions of the Management Board may be implemented only after the approval of the General Meeting of Shareholders is obtained.
54. The Management Board is responsible for the convocation and organisation of the General Meetings of Shareholders in due time.
55. Considering the opinion of the Supervisory Board, the Management Board elects and removes from office the Chief Executive Officer of the Company, sets his salary and other terms of the employment contract, approves his job description, provides incentives for and imposes penalties on him.
56. All members of the Management Board have equal rights and duties, except for the cases laid down by laws and other legislation.

57. In its activity the Board follows laws, other legislation, the present Articles of Association, decisions of the General Meeting of Shareholders, decisions of the Supervisory Board and the Rules of Procedure of the Management Board.
58. The Management Board members must keep commercial (industrial) secrets and confidential information of the Company and the group of companies which they learned while holding the office of members of the Management Board.
59. Decision-making and working procedure of the Management Board:
  - 59.1.the working procedure of the Management Board is determined in the Rules of Procedure

- adopted thereby;
- 59.2. each Management Board member is responsible for the analysis of the issues assigned to his competence, i.e. the field under his supervision directly related to work at the Management Board on which the respective decision must be made, and presentation of all relevant information to other members of the Management Board so that the necessary decisions of the Board would be made in a timely manner. Specific areas of competence of the Management Board members are set out in the Rules of Procedure of the Management Board;
- 59.3. the Management Board takes decisions during the meetings of the Management Board. Minutes must be taken of the meetings of the Management Board;
- 59.4. meetings of the Management Board shall be held at least once every two calendar weeks. The Rules of Procedure of the Management Board may establish other regularity of the meetings of the Management Board;
- 59.5. the Board meetings are convened and chaired by the Chairman of the Management Board. In the absence of the Chairman of the Management Board, the Management Board is convened and chaired by the oldest member of the Board in terms of age;
- 59.6. the Board may make decisions and the meeting is deemed to have taken place when 4 (four) or more members of the Management Board are present at the meeting. The Board members having voted in advance are deemed to be present at the meeting;
- 59.7. a decision of the Board is adopted if the majority the Board members attending the meeting voted in favour of it.. Where equal votes are cast “for” and “against”, the Chairman of the Management Board has the casting vote;
- 59.8. the Management Board members must be present in the meetings of the Management Board and vote for or against each issue in question. The Management Board member is not entitled to refuse to vote or abstain from voting, except for cases where a conflict of interests between a member of the Management Board and the Company may occur or on other grounds set forth in the Articles of Association or the legislation;
- 59.9. a member of the Management Board is entitled to vote when the meeting of the Board solves an issue related to his activity in the Board or an issue under his responsibility;
- 59.10. a member of the Management Board has the right to grant a power of attorney in a simple written form to another member of the Board to represent him during the voting at the Management Board meeting;
- 59.11. the Management Board members who are unable to personally be present at the Management Board meeting must vote in advance in writing or vote by electronic means if the security of information transmitted is guaranteed and the voting person can be identified. The Management Board members who voted in advance in writing or by means of electronic communications are considered to have participated in the Management Board meeting.
60. The Company must ensure proper conditions for the work of the Management Board and Management Board members during the meetings of the Management Board by providing them with necessary technical and organisational means. The Chief Executive Officer appoints an employee of the Company to carry out the service functions during the Management Board meetings.

## **VIII. CHIEF EXECUTIVE OFFICER**

61. The Chief Executive Officer is the sole managing body of the Company. The Chief Executive Officer organises the activities of the Company, manages them, acts on behalf of the Company

and transacts at his own discretion, except for cases provided for in these Articles of Association and laws.

62. The competence of the Chief Executive Officer, the procedure for his election and removal from office, terms of office is laid down in laws, other legislation and the present Articles of Association.
63. The Chief Executive Officer may not be:
  - 63.1.a person who has no right to hold the office according to the legislation;
  - 63.2.a member of the supervisory body, management body or the administration of the legal entity engaged in electrical energy or natural gas transmission or production (extraction) activities, or of another legal entity engaged in natural gas and/or electrical energy supply activities.
64. A candidate for the office of the Chief Executive Officer must submit a written consent to stand as a candidate for election to the position of the Chief Executive Officer and the declaration of interests of the candidate, indicating all the circumstances which could lead to a conflict of interests between the candidate and the Company therein. In case of emergence of new circumstances which could lead to a conflict of interests between the Chief Executive Officer and the Company, the Chief Executive Officer must immediately notify the Management Board of such new circumstances in writing.
65. The Chief Executive Officer starts holding the office as of the day of his election, if the employment contract concluded with him does not provide for otherwise. The employment contract with the Chief Executive Officer is signed by a person authorised by the Management Board.
66. The Chief Executive Officer is entitled to resign from the office by giving a written notice to the Management Board and the Supervisory Board in accordance with the procedure prescribed by laws.
67. In his activities the Chief Executive Officer follows laws and other legislation, these Articles of Association, decisions of the General Meeting of Shareholders, decisions of the Supervisory Board and the Management Board, and his job description.
68. The Chief Executive Officer must keep commercial (industrial) secrets of the Company and the group of companies, as well as the confidential information learnt while holding his office.
69. The Chief Executive Officer:
  - 69.1.ensures the implementation of the operating strategy of the Company;
  - 69.2.implements the decisions of the Management Board;
  - 69.3.issues orders regulating the activities of the Company;
  - 69.4.approves the Rules of Procedure of the Company;
  - 69.5.hires and fires employees, concludes and terminates employment contracts therewith, provides incentives and imposes penalties;
  - 69.6.opens and closes the bank accounts and disposes of the Company's funds available therein;
  - 69.7.grants powers of attorney and procuracies;

- 69.8.ensures protection of assets of the Company, establishment of proper working conditions for employees of the Company, protection of commercial secrets and confidential information of the Company;
  - 69.9.is responsible for drafting a set of annual financial statements of the Company and drawing up an annual report of the Company;
  - 69.10. is responsible for drawing up the draft allocation of dividends for a period shorter than the financial year, drafting a set of interim financial statements and preparation of an interim report for the decision-making on the allocation of dividends for a period shorter than the financial year;
  - 69.11. submits proposals to the Management Board on the operating budget of the Company;
  - 69.12. is responsible for notification of shareholders, the Supervisory Council, and the Board of the most important events significant for activities of the Company;
  - 69.13. publishes the information defined by legislation in accordance with these Articles of Association;
  - 69.14. ensures submission of documents and data of the Company to the Registrar of the Register of Legal Entities, Bank of Lithuania, and Central Securities Depository under the procedure set forth in legislation;
  - 69.15. provides the shareholders, the Supervisory Board or the Management Board with information on their request in the cases provided for by laws and the Articles of Association;
  - 69.16. is responsible for handling personal securities accounts of shareholders, except for cases when accounting of intangible shares is transferred to account managers;
  - 69.17. concludes a contract with an audit company and ensures submission of all necessary documents of the Company for auditing when an audit is mandatory under these Articles of Association and the legislation;
  - 69.18. performs other functions prescribed by laws, these Articles of Association, decisions of the General Meeting of Shareholders, decisions of the Supervisory Board and the Management Board as well as the job description of the Chief Executive Officer, and deals with other Company's activity-related matters which are not assigned to the competence of other bodies of the Company by laws or the present Articles of Association.
- 70. If, according to laws or these Articles of Association, a decision and/or approval of another body of the Company is needed for entering into transactions or making other decisions of the Company, the Chief Executive Officer may transact for the Company and make such other decisions only after the decision and/or approval of the respective body of the Company has been adopted.
  - 71. The Chief Executive Officer may hold other office or do another job, except for his office at the Company, the parent company of the Company and other legal entities where the Company is a member or a parent company, and be engaged in educational, creative or author's activities in respect of which the consent is not required, only with a prior consent of the Management Board.

## **IX. PLANNING OF ACTIVITIES OF THE COMPANY, AUDIT AND FINANCES OF THE COMPANY**

- 72. The organisational structure of the Company and job descriptions must be suitable for the targeted operations of the Company.
- 73. The activities of the Company are planned, and the operating budget of the Company is drawn up.

74. A set of financial statements of the Company must be drawn up in accordance with the International Financial Reporting Standards.
75. The Company's internal audit function may be ensured in accordance with the procedure established by the parent company.

#### **X. PROCEDURE FOR ANNOUNCEMENT OF NOTICES**

76. The notices of the Company which must be made public in the cases provided for in the Law on Companies of the Republic of Lithuania are published in the electronic publication published by the registrar of the Register of Legal Entities for announcement of public notices in accordance with the procedure prescribed by the Government.
77. Other notices of the Company that must be made public in accordance with the Law on Securities of the Republic of Lithuania and other legislation (notifications about major events, etc.) are published in the Central Database of Regulated Information and on the Company's website.

#### **XI. PROCEDURE FOR PRESENTING DOCUMENTS AND OTHER INFORMATION TO SHAREHOLDERS, MEMBERS OF THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD**

78. At a shareholder's written request and within 7 (seven) days from the receipt of the request, the Company grants to the shareholder access to and/or submits to him copies of the following documents: the Articles of Association of the Company, sets of annual and interim financial statements, the annual and interim reports of the Company, the auditor's opinions, financial statements, and audit reports, minutes of General Meetings of Shareholders, the Supervisory Board and the Board or other documents recording decisions of the Company's bodies, recommendations and responses of the Supervisory Board to General Meetings of Shareholders, lists of shareholders, members of the Supervisory Board or the Management Board, and other documents of the Company which must be made public according to laws, unless such documents contain any commercial (industrial) secrets or confidential information.
79. The Company shall give access to the shareholder to all other information of the Company not specified in Clause 78 of these Articles of Association which, at the shareholder's request, must be systemised according to reasonable criteria indicated by him and /or shall furnish copies of documents if such information and documents, including the information and documents associated with the Company's commercial (industrial) secret and confidential information, are necessary to the shareholder for complying with the requirements set out in other legal acts and the shareholder ensures the confidentiality of such information and documents. The Company shall refuse to furnish the copies of the documents to the shareholder if it is not possible to establish identity of the shareholder who requested the documents. The Company shall execute in writing its refusal to give access to and/or furnish the copies of the documents if the shareholder requests so.
80. All the information and documents referred to in Articles 78 and 79 hereof must be presented to the shareholders, members of the Supervisory Board and the Management Board free of charge.

## **XII. FINAL PROVISIONS**

81. The Articles of Association of the Company are amended in accordance with the procedure established in the Law on Companies of the Republic of Lithuania following the decision of the General Meeting of Shareholders made by the majority vote which is not less than 2/3 (two thirds) of the voting rights carried by the shares of the shareholders present at the meeting.
82. Following the decision by the General Meeting of Shareholders to amend the Articles of Association of the company, the full text of the amended Articles of Association is drawn up and signed by the person authorised by the General Meeting of Shareholders.
83. The present Articles of Association were signed on ....
84. In case of any changes in the provisions of laws which result in certain discrepancies between the provisions of the present Articles of Association and the provisions of laws, the provisions of the amended legislation must be followed.
85. The Articles of Association take effect as of the date of registration thereof in the Register of Legal Entities.

The person authorised by the General Meeting of Shareholders:

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