



# **GUIDELINES ON ORGANIZATION OF GENERAL MEETINGS OF SHAREHOLDERS**

NO. GAI029

VERSION 1

# GUIDELINES ON ORGANIZATION OF GENERAL MEETINGS OF SHAREHOLDERS

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# GUIDELINES ON ORGANIZATION OF GENERAL MEETINGS OF SHAREHOLDERS

## 1. PURPOSE

- 1.1. Guidelines on organization of general meetings of shareholders (hereinafter – Guidelines) define the competence of general meetings of shareholders of KN, the order of their convocation and notification about them, and other questions of their organization.

## 2. APPLICATION AREA

- 2.1. These Guidelines are applied to all shareholders of KN.

## 3. REFERENCES

- 3.1. Guidelines are prepared following these legal acts (with later changes):

**Law on joints-stock companies of the Republic of Lithuania** – establishes the order of initiation of general meetings of shareholders and notification about them, the competence of general meetings of shareholders, rights and obligations of shareholders.

**Procedure of information disclosing in public PRC050** – establishes the effective disclosing of information in public in stock exchange for guaranteeing the correspondence to the requirements of the legal acts and suitable disclosing of information important to the investors.

**Guidelines on disclosing of information** – establish recommendations for the companies regarding the publication of public announcement.

**Guidelines on communication GAI018** – guarantee that the information, published by KN, corresponds to the requirements of the legal acts of the Republic of Lithuania and the principles of activity clarity, openness and accountability, acknowledged with reference to the good practice of management, and establish the requirements for the published information and its quality.

**Behaviour standard** – general behaviour and other principles, how business is being performed and the property of the company is being protected are defined.

## 4. CONCEPTS AND ABBREVIATIONS

- 4.1. Concepts and abbreviations used in the Guidelines:

**KN or the Company** – Klaipėdos nafta AB.

**LJSC** – Law on joint stock companies of the Republic of Lithuania.

## 5. SHAREHOLDERS

- 5.1. Shareholders are natural and legal persons having purchased the shares of the Company.
- 5.2. Every shareholder in the Company has such rights which are granted to it by the shares of the Company belonging to it under the property right. In case of the same circumstances, all owners of the shares of the same class have equal rights and obligations.

## 6. TYPES AND COMPETENCE OF MEETINGS OF SHAREHOLDERS

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- 6.1. Meetings of shareholders can be **ordinary** and **extraordinary**.
- 6.2. The following decisions are made in the ordinary meeting of shareholders:**
- 6.2.1. regarding the confirmation of the set of annual financial reports with the Company's annual report and auditor's conclusion;
  - 6.2.2. regarding the confirmation of the draft of profit (loss) distribution;
  - 6.2.3. regarding the confirmation of payment policy;
  - 6.2.4. regarding the reduction of authorised capital on purpose of paying the Company's funds to the shareholders.
- 6.3. The following decisions are made in extraordinary meeting of shareholders:**
- 6.3.1. regarding the long-term property which balance value is bigger than 1/20 of the Company's authorised capital, investment, transference, lease (estimated separately for every type of transaction);
  - 6.3.2. regarding the property and property rights which balance value is bigger than 1/20 of the Company's authorised capital, mortgage and pledge (total sum of transactions is estimated);
  - 6.3.3. regarding the duties of other persons the sum of which is bigger than 1/20 of the Company's authorised capital, accomplishment warranty or guarantee;
  - 6.3.4. long-term property, also, work or service purchasing directly related to the investments to long-term property or the long-term property itself, for the price bigger than 1/20 of the Company's authorised capital;
  - 6.3.5. regarding the confirmation of the procedure of support and charity granting;
  - 6.3.6. regarding other questions indicated in LJSC.
- 6.4. Ordinary general meeting of shareholders has to take place every year, not later than in 4 months from the end of financial year.

### 7. CONVOCAATION OF MEETING OF SHAREHOLDERS AND INFORMATION

- 7.1. The right of the initiative of convocation of general meeting of shareholders is possessed by Supervisory Council, the management and shareholders, which are granted not less than 1/10 of votes by the shares they own. General meeting of shareholders is convened under the management's resolution or in the cases provided by LJSC – under the resolution of the head of the Company.
- 7.2. The initiators of convocation of general meeting of shareholders submit the application to the management (in cases established by LJSC – to the head of the Company) in which they indicate the reasons and objectives of convocation of the meeting, suggestions regarding the agenda of the meeting, date and place, drafts of suggested decisions. General meeting of shareholders has to take place not later than in 30 days from the day of receiving the application. It is not mandatory to call the general meeting of shareholders if the application does not correspond to all requirements provided in this clause and the necessary documents are not provided or the suggested questions of agenda do not correspond to the competence of general meeting of shareholders.
- 7.3. The management, the head of the Company, people or institution, making the decision on convocation of the general meeting of shareholders, shall provide the information and documents to the Company necessary for informing about the convocation of general meeting of

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shareholders. Information about the general meeting to be convened is announced not later than 21 day till the general meeting of shareholders in Nasdaq stock exchange and [www.kn.lt](http://www.kn.lt) .

- 7.4. If general meeting of shareholders does not take place, the repeated general meeting of shareholders is convened not earlier than 14 days later and not later than 21 days from the day of general meeting of shareholders which did not take place. The shareholders are informed about the repeated general meeting of shareholders in the way indicated in Clause 7.3., not later than 14 days till the repeated general meeting of shareholders.
- 7.5. If not less than 21 days are left till the general meeting of shareholders or not less than 14 days are left till the repeated general meeting of shareholders, the shareholders are provided with the possibility of getting acquainted with the documents possessed by the Company, related to the agenda of the meeting, including the draft decisions. The shareholders of the Company can get acquainted with the draft decisions of the meeting, the form of general ballot paper either in the headquarters of the Company, Buriu St. 19, Klaipėda (tel. 8 46 391636), or in the Company's website [www.kn.lt](http://www.kn.lt) . The following information and documents are provided in the indicated website of the Company: 1) information about the convocation of the meeting; 2) total number of shares of the Company and the number of shares granting the right of voting on the day of convocation of the meeting.

### 8. AGENDA

- 8.1. It is mandatory to include the questions suggested by the initiators of general meeting of shareholders into the agenda of the meeting, if these questions correspond to the competence of general meeting of shareholders.
- 8.2. The agenda of general meeting of shareholders can be filled in with reference to the offers of the Supervisory Council, management, also shareholders which are granted not less than 1/20 of all votes by the shares they own, if the Articles of Association of the Company do not establish the smaller number of votes. The offer to supplement the agenda is submitted in written or via the measures of electronic communications. Draft decisions with suggested questions have to be submitted together with the offer or, when no decisions have to be made, explanations regarding every offered question of agenda of general meeting of shareholders. Agenda is supplemented if the offer is received not later than 14 days till general meeting of shareholders.
- 8.3. Supervisory Council, management, also shareholders which are granted not less than 1/20 of all votes by the shares they own, if the Articles of Association of the Company do not establish smaller number of votes, can at any time till the general meeting of shareholders or during the meeting in written or via the measures of electronic communications, if the safety of transferred information is guaranteed and it is possible to establish the identity of these people, offer new draft decisions on the questions included in the agenda of the meeting, additional candidates to the members of the Company's organs, auditors or audit company.
- 8.4. If the agenda of general meeting of shareholders, indicated in the information about the meeting to be convened, was supplemented, the shareholders have to be informed about its supplements in the same way as about the convocation of general meeting of shareholders, not later than 10 days till general meeting of shareholders.
- 8.5. Only the agenda of the general meeting of shareholders which did not take place is valid in repeated general meeting of shareholders. The shareholder has no right of voting in general

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meeting of shareholder when discussing the solution for which it expressed its will in written in advance.

- 8.6. General meeting of shareholders has no right of making decisions on the questions not announced in agenda, except for the cases when all shareholders who are granted with the right of voting by the shares belonging to them, take part in it, and no shareholders voted in written.

### 9. VOTING

- 9.1. Voting in general meeting of shareholders can be done by **directly participating** in the meeting of shareholders or **filling in the ballot paper in written**.
- 9.2. Voting in general meeting of shareholders is open. Secret voting is mandatory to all shareholders on those questions for which at least shareholder wishes secret voting and if this is agreed by the shareholders who are granted by not less than 1/10 of votes by the shares belonging to them in this general meeting of shareholders.
- 9.3. Only those people can participate and vote in general meeting of shareholders who will be the shareholders of the Company at the end of day of record of general meeting of shareholders which is 5 working days before the general meeting of shareholders, or their authorised people or people with whom the agreement of voting right transfer is concluded. The Company does not provide with the possibility of participating and voting in the meeting via electronic measures of communication.
- 9.4. The shareholder or its authorised agent has the right to vote in written in advance by filling in the general ballot paper. If, because of technical obstacles, general ballot paper cannot be presented in the Company's website, it indicates how these documents can be received in their printed form. If the shareholder wishes, the Company, not later than 10 days till the meeting, sends the general ballot paper via the registered mail free of charge. Completed general ballot paper and the document confirming the right of voting have to be received in the Company not later than till the meeting, by sending them via the registered mail or by submitting to the Company's headquarters.
- 9.5. Shareholders, having voted in written in advance, are considered participating in general meeting of shareholders and their votes are included in the quorum of the meeting and voting results. General voting bulletins of the meeting, which did not take place, are valid in the repeated general meeting of shareholders. The shareholder has no right to vote in general meeting of shareholders when discussing the solution for which it expressed its will in written in advance.
- 9.6. If general ballot paper is completed so that separate question cannot be used for identifying the shareholder's will, it is considered that the shareholder did not vote in regard to this question in advance.
- 9.7. The shareholder can authorize another natural or legal person via the measures of electronic communication to participate and vote on behalf of the shareholder in the meeting. Such authorisation is not confirmed by the notary. The shareholder has to confirm the authorisation, issued via the measures of electronic communications, with qualified electronic signature. The shareholder has to inform the Company about the authorisation, issued via the electronic measures of communication, via the e-mail [info@kn.lt](mailto:info@kn.lt) not later than 13:00 o'clock of the last working day before the meeting. Authorisation and information have to be in written. Electronic signature has to be used for signing the authorisation itself and the information to the Company,

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but not the letter sent via the e-mail. When submitting the information to the Company, the shareholder has to indicate the website from which the software for verifying the shareholder's signature can be downloaded for free.

- 9.8. Not later than in 7 days after the general meeting of shareholders, the Company presents the results of voting to the shareholders in the website <https://www.kn.lt/en/for-investors/shareholders-meetings/426>

### 10. DECISION MAKING AND QUORUM

- 10.1. General meeting of shareholders can make decisions and is considered successful when those shareholders participate in it, which are granted more than  $\frac{1}{2}$  of all votes by the shares belonging to them. After establishing that quorum is present, it is considered that it is present during the whole meeting.
- 10.2. If there is no quorum, general meeting of shareholders is considered not successful and repeated general meeting of shareholders has to be called, which has the right to make decisions only according to the agenda of the meeting which did not take place and to which the quorum requirement is not applied.
- 10.3. The decision of general meeting of shareholders is considered accepted when more votes of shareholders were received for it than before, if the laws and Articles of Association of the Company do not establish a bigger majority.
- 10.4. General meeting of shareholders makes the following decisions with the majority of qualified votes which cannot be smaller than  $\frac{2}{3}$  of all votes, provided by the shares of the shareholders participating in the meeting:
- 10.4.1. changing the Articles of Association of the Company, except for the exceptions established by LJSC;
  - 10.4.2. establishing the class, number, nominal value and minimal price of emission of the shares issued by the Company;
  - 10.4.3. regarding the distribution of profit (losses);
  - 10.4.4. increasing the authorised capital;
  - 10.4.5. confirming the payment policy;
  - 10.4.6. confirming the rules of share granting;
  - 10.4.7. regarding other questions which are provided in LJSC.
- 10.5. When making the decision on withdrawing the priority right from all shareholders to purchase the shares of special emission issued by the Company or convertible bonds of specific emission issued by the Company, the majority of qualified votes cannot be smaller than  $\frac{3}{4}$  of all votes, granted by the shares of the shareholders participating in general meeting of shareholders and having the right of voting.
- 10.6. The Articles of Association of the Company can provide a bigger majority of votes than  $\frac{2}{3}$  which is necessary for the decisions the acceptance of which needs the majority of votes not smaller than  $\frac{2}{3}$  and the majority of votes bigger than  $\frac{3}{4}$ , necessary for making the decisions indicated in Clause 10.5.

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## 11. SHAREHOLDER'S RIGHT TO RAISE QUESTIONS IN ADVANCE

- 11.1. Shareholders of the company have the right to raise questions, related to the items of the agenda of general meeting of shareholders, to the Company in advance.
- 11.2. The Company has to answer the questions, related to the items of the agenda of general meeting of shareholders, raised by the shareholders in advance, or to indicate the reasons for refusing to indicate the answer in written till the general meeting of shareholders, if the questions were received in the Company not later than 3 working days till the general meeting of shareholders.
- 11.3. All answers to the questions, related to the items of agenda of general meeting of shareholders, provided by the shareholders to the Company in advance, are presented in general meeting of shareholders or at the same time to all shareholders of the Company till the general meeting of shareholders.
- 11.4. If several questions of the same content are raised, the Company can give one general answer.
- 11.5. It is considered that the Company gave the answer to the question raised by the shareholder when corresponding information is provided in the form of questions and answers in the website of the Company.
- 11.6. The Company can refuse to give answers to the shareholder's questions if:**
  - 11.6.1. They are related to the Company's commercial (industrial) secret and/or confidential information;
  - 11.6.2. it is not possible to establish the identity of the shareholder raising the question.
  - 11.6.3. The Company informs the shareholder, raising the questions, about the circumstances indicated in Clause 11.6.

## 12. MINUTES OF GENERAL MEETING OF SHAREHOLDERS

- 12.1. General meetings of shareholders are recorded. The minutes can be not recorded when the decisions made are signed by all shareholders of the Company.
- 12.2. People, participating in general meeting of shareholders, have the right to get introduced with the minutes and in 3 days from the moment of introduction with it, but not later than in 10 days from the day of general meeting of shareholders to provide their remarks or opinion regarding the facts, listed in the minutes, and minutes recording.
- 12.3. Minutes is recorded and signed not later than in 7 days from the day of general meeting of shareholders.
- 12.4. Minutes is signed by the chairman and secretary of general meeting of shareholders, authorised persons of general meeting of shareholders can also sign it. When the secretary of the meeting is not elected, the minutes is signed by the chairman of the meeting. When all shareholders, taking part in the meeting, voted in written, the minutes is recorded and signed by the head of the company according to the received votes.
- 12.5. The list of registration of the shareholders, participating in general meeting of shareholders is attached to the minutes; authorisations and other documents, confirming the persons' right to vote; general ballot papers of the shareholders voting in written in advance; documents proving that the shareholders have been informed about the convocation of general meeting of shareholders; remarks regarding the minutes and the conclusion of the persons, signing the minutes, regarding these remarks.





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### **13. APPLIED LAW**

13.1. The rights and duties of shareholders, the questions of convocation of general meeting of shareholders, notification about them and other questions, related to shareholders, are regulated by LJC. The law of the Republic of Lithuania is applied to all questions related to the shareholders of the Company.

### **14. IMPLEMENTATION AND CONTROL**

14.1. The head of Legal Division is liable for the oversight and updating of the Guidelines.

14.2. These Guidelines are reviewed when necessary, but not rarer than once in two years.