APPROVED BY

Decision No. [\_\_\_] of [\_\_\_] 2019 adopted by the General Meeting Shareholders of LITGRID AB

**STANDARD TERMS AND CONDITIONS OF THE AGREEMENT**

**AGREEMENT NO. \_\_ ON THE ACTIVITIES OF THE INDEPENDENT MEMBER OF EXECUTIVE BOARD OF LITGRID AB**

This agreement (hereinafter referred to as “**the Agreement**”) on the activities of the member of Executive Board (hereinafter referred to as “**the Board**”) of LITGRID AB, concluded on [\_\_\_] [\_\_\_] [\_\_\_] between:

**LITGRID AB**, a public limited liability company established and operating in accordance with the laws of the Republic of Lithuania, Register of Legal Entities Code 302564383, registered address A. Juozapavičiaus str. 13, LT-09311 Vilnius, Lithuania (hereinafter referred to as “**the Company**”), represented by [position, name and surname], acting in accordance with the Articles of Association of the Company and also in accordance with the decision of the General Meeting of Shareholders of the Company (Minutes No. [\_\_\_])

and

[\_\_\_], personal code [\_\_\_], residing at [\_\_\_] (hereinafter referred to as “**the Board Member**”).

The Company and the Board Member shall hereinafter collectively be referred to as **the Parties**, and each individually as **the Party**.

**TAKING INTO ACCOUNT THAT:**

1. On [\_\_\_] [\_\_\_] [\_\_\_], the Board Member was elected to the Board of the Company by a decision of the sole shareholder of the Company;
2. On [\_\_\_] [\_\_\_] [\_\_\_], the sole shareholder of the Company has adopted a decision on the amount of remuneration of the independent members;
3. On [\_\_\_] [\_\_\_] [\_\_\_], the standard terms and conditions of the Agreement on the activities of the member of the Board were approved by the decision of the General Meeting of Shareholders of the Company,

**THE PARTIES AGREE:**

1. **Functions of the Board Member**
	1. By this Agreement, the Board Member undertakes to perform the duties of a Board Member arising from applicable legislation, the Articles of Association of the Company as well as the decision of the meetings of shareholders of the Company, the Rules of Procedure of the Board and other internal documents of the Company.
	2. Given that the company is part of the EPSO-G Group of Companies (hereinafter referred to as “**the Group of Companies**” or “**the Group**”), the parent company of which is UAB EPSO-G, acting on the basis of approved documents of this Group of Companies and acting in conjunction with other persons elected to the Board, the Board Member undertakes to act as the body of the Company, adopting top-level management decisions of the Company on matters falling within the competence of the Executive Board, and perform other functions assigned to the Board of the Company.
	3. The Board Member undertakes to act appropriately, efficiently and economically and perform his/her duties in accordance with the highest standards of professionalism, acting for the benefit of the Company and all shareholders of the Company and in pursuit of the objectives of the Company's activities enshrined in the Company's Articles of Association and other internal documents. The Board Member must ensure that the functions of a member of the Board provided for in applicable laws and other legislation and the Articles of Association of the Company are exercised continuously.
	4. The Board Member must perform his/her duties personally and shall not have the right to transfer or delegate the exercise of all or part of the functions of a member of the Board to third parties, with the exception of the right to authorise another member of the Board to vote in lieu of himself/herself.
	5. The Board Member shall have the following duties:
		1. To act in a fair and reasonable manner in respect of the Company, other bodies of the Company and shareholders of the Company;
		2. To be loyal to the Company;
		3. To act in the interests of the Company and all its shareholders;
		4. To protect the Company's commercial (industrial) secrets and confidential information as provided for in this Agreement and internal documents;
		5. To avoid conflicts of interest between the Company and a member of the Board (including third parties for whose benefit the Board Member is required to act);
		6. Not to use, for his/her own benefit or for the benefit of third parties, information which the Board Member has learned in the exercise of his/her functions as the Board Member of the Company;
		7. In order to ensure effective planning and organisation of the Board meetings, to inform the Company in advance of planned vacations, business trips or any other employment which may interfere with his/her participation in the meetings of the Board of the Company or planned meetings of the Board of the Company, about which he/she has been duly informed in advance;
		8. The Board Member shall refrain from any public statements, publications, comments about his/her activities on the Board and/or Company which are not in conformity with the Company in accordance with the procedure laid down in internal documents, and, taking into account that the Company's shares are listed on the stock exchange – both publicly or to any third parties – shall not disclose any information which, in accordance with the applicable legislation, would be considered as inside information or any other information likely to directly or indirectly affect the value of the Company's shares, except in cases directly provided for by law relating to the appropriate performance of his/her direct duties as a member of the Board, and in other cases where the representative who represents the Republic of Lithuania in the Board has to coordinate his powers with the head of the institution in which he/she works, pursuant to the procedure prescribed by internal legislation;
		9. If the Board Member is appointed by decision of the Board to perform certain specific tasks or to regularly or temporarily curate certain matters falling within the competence of the Board, the Board Member must regularly provide the other members of the Board with information on the task he/she performs, the issue(s) under supervision, prepare activity reports in accordance with the procedure laid down by the Board, and to present them to the Board for consideration;
		10. To continuously improve their knowledge and qualifications necessary for the proper performance of the functions of a member of the Board and for the full understanding of the Company's activities, efficient performance of tasks and professional decision-making;
		11. To perform other duties as determined by the applicable legislation, the Company’s Articles of Association and the Rules of Procedure of the Board.
	6. The Board Member shall have the following rights:
		1. To free of charge obtain from the Company and its bodies all information necessary for the performance of his/her functions on the Board and documents at the disposal of the Company;
		2. The right of initiative for convening a board meeting and the right to propose questions to the agenda of the board meeting being initiated or convened in accordance with the procedure laid down by the Articles of Association of the Company and applicable legislation;
		3. In case of an objective need, on a case-by-cases basis to take advantage of the resources of the Company necessary to ensure the proper functioning of the Board Member;
		4. As well as other rights conferred by applicable legislation, Articles of Association of the Company and the Rules of Procedure of the Board.
2. **Attendance at Board Meetings**
	1. The Board Member must attend all meetings of the Board unless it is impossible to do so for important valid reasons. In such exceptional cases, the Board Member who is unable to participate directly in the meeting of the Board must vote in writing in advance or vote by using telecommunications equipment in accordance with the procedure laid down by the Rules of Procedure of the Board, or, in the absence of a possibility to vote in writing or vote by using telecommunications equipment, to authorise another member of the Board to vote in place of him/her in accordance with the procedure laid down by legislation.
	2. The Board Member shall at all points be required to attend the meetings with the knowledge of the agenda and all information and documents relating to the issues under consideration. The Board Member must actively participate in the discussion of the issues provided for in the agenda of the meeting, present his/her position in writing or orally on all the issues discussed, and submit reasoned proposals for the resolution of the issues under consideration.
3. **Voting at Board Meetings**
	1. The Board Member must vote “in favour” or “against” any issue discussed at a meeting of the Board, unless a meeting of the Board addresses the issues related with the actions or responsibilities of the Board Member within the Board, or other cases where, in accordance with the applicable legislation, the Board Member is unable to vote or a conflict of interest between the Company and the Board Member would arise in his/her vote. In such cases, the Board Member shall be obliged to withdraw or, where the Board takes a decision on the withdrawal of the Board Member in accordance with the procedure laid down by legislation, to abstain when the Board deliberates and/or considers a specific issue.
	2. The Board Member shall not have the right to refuse to vote or abstain from voting, except for the cases specified by legislation when a member of the Board must refuse to vote (remove him/her from voting). The Board Member shall also not have the right to authorise other persons to vote instead of himself/herself, other than in the exceptional cases discussed in this Agreement.
4. **Provision of technical and organisational measures to ensure the activities of the Board Member**

The Company shall ensure that, in the performance of his/her duties, the Board Member can, in individual cases, use the Company’s resources which are necessary to ensure the proper functioning of the Board Member. In such a case, the Board Member must inform the Company in advance of the required need in accordance with the procedure laid down by the Company's internal legislation.

1. **Absence of conflict of interest and right to another job**
	1. The consent of the Board Member to stand for membership of the Board and a declaration of interests stating any circumstances likely to give rise to a conflict of interest between the Board Member and the Company, shall be annexed to this Agreement. If the circumstances other than those specified in the documents annexed to the Agreement appear during the term of the Agreement, which could give rise to a conflict of interest between the Board Member and the Company, the Board Member must immediately inform the Board and the Company in writing about such new circumstances.
	2. The Board Member may perform other work or hold other positions which are compatible with his/her activities on the Board, including, but not limited to, the exercise of managerial duties in other legal entities, work in the State or statutory service, position in the Company and other legal entities, subject to prior notification of the Board.
2. **Absence of employment relationship**

The Parties confirm that this Agreement establishes civil legal relations between the Board Member and the Company. This Agreement may not be interpreted as creating a working relationship between the Parties. Accordingly, in performing his/her functions as a member of the Board, the Board Member may not be regarded as a company employee and shall not be subordinate or accountable to the company's administration. Under this Agreement, the Board Member shall act only as a member of the Board of the Company and shall assume full responsibility for the performance of his/her functions as a member of the Board and for the proper performance of this Agreement.

1. **Additional restrictions related to statutory mandatory requirements for separation of electricity transmission activities:**
	1. The Board Member shall undertake to comply throughout the period of validity of the Agreement with the additional restrictions provided for in the applicable legislation relating to the separation of electricity and natural gas transmission activities, including but not limited to:
		1. Not to participate in the supervisory and management bodies of an undertaking engaged in the production, distribution or supply of electricity and/or gas, and not be a member of the administration of such an undertaking;
		2. Not to directly or indirectly control the person who performs the activities of production, distribution or supply of electricity in the supervisory and management bodies and/or the activities of production, distribution or supply gas, or hold any rights in respect of such person (the rights referred shall include, in particular, the power to exercise voting rights, the power to appoint members of supervisory bodies, management bodies and administration, management and disposal of a holding which confers more than 5 per cent of the shares and votes at the general meeting of shareholders of the company);
		3. When taking decisions to act independently of commercial or other interests of entities or interested parties who performs the activities of production, distribution or supply of electricity in the supervisory and management bodies and/or the activities of production, distribution or supply gas;
		4. Take all necessary measures within the scope of his/her competence to ensure compliance with the requirements laid down in applicable legislation relating to the separation of electricity transmission activities.
	2. The Board Member shall also undertake not to take up the duties and to make reasonable efforts to ensure that his/her relatives do not hold a position of a supervisory body, management body or member of the administration in an energy undertaking engaged in the production, distribution and/or supply of electricity or in the production, distribution and/or supply of natural gas or otherwise participate in the management or supervision of such undertakings during the period of the Agreement. This limitation includes, inter alia, the provision of any advice or other intellectual services to the undertakings referred to.
	3. In view of the fact that the Board Member may not be: a person holding the position of a supervisory body, management body or member of the administration in an energy undertaking engaged in the production, distribution and/or supply of electricity or in the production, distribution and/or supply of natural gas or otherwise participating in the management or supervision of such undertakings; civil servant or employee of institutions regulating the activities of entities operating in the field of provision of energy services and performing state supervision of energy; other person who is unable to perform these duties in accordance with the applicable legislation, the Board Member shall undertake to avoid such circumstances and, upon their occurrence, immediately inform the Board and the Company of their occurrence and immediately resign from the Board of the Company and, from the moment of their occurrence until the moment of his/her resignation, to remove himself/herself from any decision which may give rise to a conflict of interest with his/her activities on the Board of the Company.
2. **Intellectual property**

The Parties agree that property and, to the extent that this is not precluded by applicable legislation, non-property rights in respect of any intellectual or industrial property created by the Board Member during the period of validity of this Agreement which is directly related to the activities of the Board Member under this Agreement, including copyright objects, trademarks, service marks, products and industrial designs and other matters created during the performance of the duties of the Board Member, shall automatically, indefinitely and irrevocably become the exclusive property of the Company without any consideration and the Company shall have the right to dispose of such matters exclusively at its discretion, without any additional remuneration, except for remuneration provided for in paragraph 9 of this Agreement for activities on the Company’s Board.

1. **Remuneration for activities in the Board and reimbursement of costs incurred**
	1. For the activities of the Board Member, the Company undertakes to pay a fixed monthly remuneration[[1]](#footnote-2) (before tax due):
		1. EUR 1,750 to the Board Member who also serves as at least one member of the Management Committee formed within the Group;
		2. EUR 1,400 to the Board Member who is not a member of any Management Committee formed within the Group;
		3. EUR 2,150 to the Chairman of the Board who also serves as at least one member of the Management Committee formed within the Group; and the Chairman of the Committee who also serves as a member of the Board within the Group;
		4. EUR 1,800 to the Chairman of the Board who is not a member of any Management Committee formed within the Group.
	2. The remuneration shall be paid once a month before the 10th of the following month. If the Board Member resigns or is removed from his/her position or the term of the Board Member ceases before the end of the relevant calendar month, the remuneration paid to him/her shall be proportionate to the time during which the Board Member held the relevant duties.
	3. The remuneration paid to the Board Member shall include all taxes and contributions applicable to the Board Member as a recipient of remuneration. All taxes and contributions payable by the Board Member (including those which may be fixed in the future) in relation to the receipt of remuneration under this Agreement, shall be calculated and paid by the Company by transferring it on behalf of the Company or the Board Member to the institutions administering the relevant taxes and contributions, unless the applicable legislation provides for another procedure.
	4. If, in the performance of the functions of the Board Member, it is necessary to incur reasonable company-based expenses ((including but not limited to travel, accommodation outside the Company's place of business, transport, catering during travel, where necessary, reasonable expenses for the services of external advisors, auditors, lawyers, etc.) in relation to the performance of the functions of the Board Member, the Company undertakes to cover directly or reimburse the Board Member such reasonable expenses actually incurred, provided they have been discussed in advance and agreed with the Company in accordance with the documents substantiating these expenses.
	5. All payments under this Agreement shall be made by transfer to the bank account of the Board Member referred to in Article 12.1 of the Agreement.
	6. Upon expiration of this Agreement on any grounds, the Company undertakes, in accordance with the conditions laid down in this chapter, to fully settle with the Board Member within 1 (one) month from the date of expiry of this Agreement.
2. **Liability and indemnification of the Parties to the Agreement**
	1. The Company undertakes to indemnify the Board Member and to protect him/her from any loss or damage (including reasonable expenses for legal aid) which may be incurred by the Board Member for any reason related to the activities of the Board Member within the Board, unless such loss or damage to the Board Member is caused by intent or gross negligence on the part of the Board Member.
	2. During the period of validity of this Agreement, the Company undertakes to insure the Board Member with insurance against civil liability of the bodies of legal entities.
	3. The Board Member undertakes to indemnify the Company and to protect it from any loss or damage (including reasonable expenses for legal aid) which it may incur as a result of an infringement of this Agreement by the Board Member and/or claims of third parties, including shareholders of the Company, arising out of the Board Member's activities within the Board or the results of that activity, where such loss or damage to the Company was caused by intentional or gross negligence on the part of the Board Member.
	4. If the Board Member violates the additional restrictions provided for in Article 7 of this Agreement, the Company shall also have the right to demand from the Board Member who violated them: to pay a fine of EUR 3,000 (three thousand) for each infringement in accordance with the procedure.
	5. Other agreements concluded between the Board Member and the Company may provide for an obligation for the Board Member by agreement between the Parties with obligations similar to those provided for in Article 7 of this Agreement, which would continue to apply after the termination of this Agreement by paying compensation of the amount agreed between the Parties.
3. **Right to obtain information and confidentiality**
	1. The Board Member shall have the right of access to all documents of the Company and its direct and/or indirect subsidiaries and to all information of the Company and its direct and/or indirect subsidiaries (except for such documents and information which is directly and/or indirectly related to the data, documents and/or information of the Contractors of the Company and its direct and/or indirect subsidiaries, learned or otherwise obtained in accordance with the procedure laid down by legislation or other lawful manner by the Company and the Contractors of its direct and/or indirect subsidiaries), which at the request of the Board Member may be systematized according to the reasonable criteria set out by him/her. If the Company does not have the requested documents or information of the Company's direct and/or indirect subsidiaries, the Company undertakes to take immediate action to obtain such documents and information, including the exercise of the rights granted by its shares in subsidiaries.
	2. Taking into account that the Company will transfer confidential, commercial (manufacturing) secret and other information for the performance of the activities of the Board Member, therefore, the Board member undertakes to comply with the Company's policy of protection of sensitive information of UAB EPSO-G Group of Companies and the requirements of the Company's rules of administration of sensitive information (hereinafter referred to as the “Rules”) and assumes confidentiality obligations under this Agreement as specified in this Agreement.
	3. For the purposes of this Agreement, sensitive information shall mean all and any data and information consistent with the characteristics set out in the Rules, which the Board Member will receive from the Company and/or Group or any person acting on its behalf or interests in any form (hereinafter referred to as the **“Sensitive Information**”). Sensitive information will not include any of the following: (i) if it is or becomes public under the laws, regulations or administrative provisions of the Republic of Lithuania; (ii) if it has already been publicly disclosed or otherwise made publicly available to the general public at the time of its submission; (iii) the Company notifies in writing that it is not considered as Sensitive Information. In the event of any doubt as to whether the information is considered to be Sensitive Information, it must be treated as Sensitive Information until the Company informs that such information is not sensitive.
	4. The Board Member undertakes:
		1. To keep Sensitive Information confidential and to manage it (prepare, store, transmit and delete) in accordance with the Rules, good practices of managing of sensitive information;
		2. Not to use Sensitive Information in any manner that may cause damage to the Company;
		3. To inform the Company about the unlawful use or disclosure of sensitive information that has occurred or is imminent, or any other act that may be considered as a breach of information security.
	5. The Board Member shall confirm that he is aware that certain Sensitive Information may also be considered as sensitive information within the meaning of the legislation governing the markets in financial instruments, and that there is a known prohibition on the use of sensitive information in the trading of financial instruments.
	6. The duties of the Board Member in respect of non-disclosure of Sensitive Information shall not apply where and in so far as the laws or regulations require the Board Member, and the Board Member shall have an obligation to disclose Sensitive Information to the competent court of the State, municipality or another institution, agency, organisation or its representative. If, in accordance with applicable regulatory acts, the Board Member is required to disclose any part of the Sensitive Information, the Company must be immediately notified in writing or by other means of communication (e-mail or by other message) before such information is disclosed.
	7. The Board Member is aware that the unlawful use and disclosure of confidential, commercial (manufacturing) information is subject to administrative and criminal responsibility.
	8. The Board Member who has unlawfully disclosed and made use of the Sensitive Information shall be obliged to compensate the Company for losses.
	9. The confidentiality obligations shall take effect upon signature of this Agreement and shall remain in force for a period of 10 (ten) years after the termination of this Agreement, with the exception of obligations relating to the protection of personal data which shall remain in force for an indefinite period.
	10. When signing this Agreement, the Board Member confirms that he/she has been acquainted with the rules.
4. **Notifications and other information**
	1. All notices, requests, written requests or other documents pursuant to this Agreement (hereinafter referred to as the “**Notices**”) shall be sent to the following addresses:

**To the Company:**

LITGRID AB

A. Juozapavičiaus str. 13, LT-09311 Vilnius, Lithuania

**To the Board Member:**

[name, surname]

[address]

[email]

Bank account No. [\_\_\_]

* 1. All notices under this Agreement shall be deemed to have been duly served when served at the addresses mentioned above, including by email (if the Company's e-mail is provided, notices must be sent only by email) or sent by registered or courier mail. Each Party shall notify the other Party of any change in its address, bank account or other data referred to in this Agreement not later than 5 (five) days after such change. If a Party does not notify a change of address, then sending of notices to the last available address shall be considered appropriate.
1. **Final provisions**
	1. This Agreement shall enter into force from the moment of its signature and shall be valid until the earliest of the following dates:
		1. the term of office of the Board Member as a member of the Board of the Company expires; or
		2. the Board Member is cancelled from the Board of the Company or the Board as a whole is cancelled; or
		3. the Board Member resigns or is unable to continue to hold office; or
		4. the Board Member ceases to hold office as a member of the Board on another basis.
	2. The provisions of the Agreement concerning intellectual property, confidentiality, indemnity, settlement, applicable law and dispute settlement shall remain in force after the termination of this Agreement.
	3. The Board Member undertakes not later than the date of expiry of the Agreement:
		1. To transfer to the Company all documents in paper form obtained during the course of activities (including but not limited to correspondence, communications, contracts, other documents, as well as computer disks, memory keys and cards, computer software, other optical or electronic readable information media which the Company has transferred to him/her under the transfer-acceptance act), which constitute a commercial secret and/or confidential information;
		2. To transfer to the Company all the passwords of the Board transferred to the Board Member for management and/or use in connection with its activities (except in the case of electronic passwords or other forms of electronic correspondence), keys, stamps, credit cards, assets owned by the Company or otherwise managed by the Company, and other matters;
		3. By using the software intended for this purpose, to destroy or submit to the Company for destruction the information obtained during the term of office of the Board Member, which constitutes the Company's internal use confidential, commercial (manufacturing) secret stored on electronic media and devices.
	4. Any amendments or additions to this Agreement shall be made in writing and signed by both Parties in an appropriate manner.
	5. This Agreement shall be governed by the law of the Republic of Lithuania on the interpretation, application of its terms and conditions, as well as on issues related to its violation, validity or invalidity.
	6. All disputes, disagreements and claims arising out of or in connection with this Agreement, its breach, termination or violation shall be resolved by negotiation. If within 30 (thirty) calendar days the Parties fail to settle the dispute peacefully, the dispute shall be settled definitively in Vilnius Court of Commercial Arbitration in accordance with its regulation. The location of the arbitral tribunal will be Vilnius. The number of arbitrators of the arbitral tribunal will be three. The arbitration language will be Lithuanian.
	7. If any of the provisions of this Agreement are wholly or partially invalid or rendered invalid by as a result of its objection to the applicable law or for any other reason, the remaining terms and conditions of this Agreement shall remain in full force. In such a case, the Parties shall negotiate in good faith and seek to replace the aforementioned wholly or partially void clause with another valid clause which, as far as possible, would lead to the same legal and economic result as the clause of this Agreement, which will be amended in this way.
	8. No Party may assign its rights or obligations under this Agreement, except for exceptions provided for in this Agreement.
	9. This Agreement shall be concluded in 2 (two) copies in Lithuanian, one copy for each Party.

Annex to the Agreement (an integral part of the Agreement) - the consent of the Board Member to stand as a candidate and a declaration of interests.

**To confirm the above, the Parties have signed this Agreement on the date stated above:**

|  |  |
| --- | --- |
| **On behalf of the Company:** | **The Board Member:** |
|  |  |
| \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| [name, surname] | [name, surname, date] |
| [position, date] |  |

1. One higher amount corresponding to the circumstances described shall apply. [↑](#footnote-ref-2)