

**ARTICLES OF ASSOCIATION  
of  
AB Amber Grid**

**1. GENERAL PART**

1. AB "Amber Grid" (the Company) is a limited civil liability private legal entity with the authorized capital divided into shares.
2. The Company shall be liable for its obligations to the extent of its own assets. The Company shall not be liable for the shareholders' obligations, whereas the shareholders shall not be liable for the Company's obligations. The shareholders do not have any other property obligations to the Company except for the obligation to pay the emission price for all the subscribed shares following the established procedure.
3. Legal form of the Company shall be a private limited civil liability company.
4. Financial year of the Company shall be a calendar year.
5. The Company shall be established for an indefinite period.
6. The Company, together with the parent company UAB EPSO-G (the Parent Company) and other legal entities directly or indirectly controlled by the Parent Company, shall form the company group (the Company Group).
7. In its activities the Company shall follow the laws, the European Union and international legislation, as applicable, other legislation effective in the Republic of Lithuania (the LR), the Guidelines on Corporate Governance of State-Owned Enterprise Group of the Energy Sector with all its subsequent amendments and supplements adopted by the Ministry of Energy of the LR, resolutions of the Government of the LR regarding governance of the state-owned or controlled companies, the Governance Code for the Listed Companies of NASDAQ Vilnius (the Governance Code) to the extent that it is not otherwise established by these Articles of Association, as well as these Articles of Association (the Articles of Association), internal corporate documents of the Company Group and the Company approved following the established procedure.

**2. PURPOSES AND OBJECT OF THE COMPANY'S ACTIVITIES**

8. The main purposes of the Company's activity are to engage in activities of transmission of natural gas, within its competence to ensure stability and reliability of the gas system in the territory of the LR and to create objective and non-discriminatory conditions for the use of gas networks, as well as conditions for development of competitive gas market, to operate safely and efficiently the gas transmission system, to ensure reliable gas transmission (transportation through high-pressure pipelines) to the users of the natural gas transmission system, enduring capacity of the system to satisfy reasonable demands of gas transportation, to control the assets of the gas transmission system and their belongings, as well as to guarantee expansion of the gas transmission system and connection with other systems, and rational use of the Company's assets and other resources.
9. The Company's long-term (strategic) objectives, within the scope of its competence, while seeking to fulfil strategic objectives of the national energy independence, shall be as follows:
  - i. to ensure integration into the gas network of the continental Europe within the scope of its functions as the transmission system operator;
  - ii. to create favourable conditions for operation of the regional gas market in the integrated European gas network in cooperation with the gas transmission system operators of the region.
10. In its activities the Company, beyond the above-mentioned purposes, shall also seek for sustainable growth of the business value of the Company and shall strive to guarantee a long-term benefit for the shareholders.

11. The main activity of the Company is operating the gas transmission system and engaging in other activities to the extent that they comply with the activity of the gas transmission system operator. The Company shall have a right to engage in other activities if the main activity of the Company remains the gas transmission. The Company shall engage in licenced activities or those requiring permits only having obtained the necessary licences or permits.

### **3. AUTHORIZED CAPITAL. NUMBER OF SHARES ACCORDING TO THEIR CLASSES, THEIR NOMINAL VALUE AND RIGHTS GRANTED**

12. The authorized capital of the Company shall be EUR 51,730,929.06 (fifty one million seven hundred thirty thousand and nine hundred twenty nine Euros and 6 cents).
13. The Company's authorized capital shall be divided into 178,382,514 (one hundred seventy eight million three hundred eighty two thousand and five hundred fourteen) ordinary registered shares (hereinafter one ordinary registered share of the Company – the Share).
14. The nominal value of the Share shall be EUR 0.29 (twenty nine cents).
15. All the Shares shall be intangible and recorded in the shareholders' personal securities accounts maintained by the securities account manager with whom a contract has been concluded for book keeping of the Shares.

### **4. SHAREHOLDERS AND THEIR RIGHTS**

16. The Company's shareholders shall have rights and obligations established by legislation, other regulations and these Articles of Association.
17. All bodies of the Company shall act so as to ensure proper conditions for the Company's shareholders to exercise their rights.

### **5. BODIES AND MANAGEMENT OF THE COMPANY**

18. The Company's bodies shall be the following:
- i. the general shareholders' meeting (the Meeting);
  - ii. the board (the Board);
  - iii. the head of the Company – the Director General of the Company (the Director General).
19. The audit committee (the AC) and the remuneration and appointment committee (the RAC) established in the Parent Company shall act as the audit committee and the remuneration and appointment committee of the entire Company Group, *inter alia*, shall function as the audit committee and the remuneration and appointment committee of the Company.
20. Bodies of the Company shall adopt decisions independently and within the scope of their competence granted by legislation effective in the LR and these Articles of Association. The bodies of the Company shall be fully liable for decisions adopted. In adoption of decisions, the Company's bodies shall act in favour of the Company and the Company's shareholders.
21. Bodies of the Company, pursuant to legislation effective in the LR and with regard to provisions of other documents specified in Article 7, shall seek to fulfil objectives of the Company and common objectives of activity of the Company Group, act with social responsibility, *inter alia*, with regard to the core environmental, social, financial and ethical principles established by international standards.
22. Bodies of the Company in their activity shall follow the main principles of corporate governance of the Company Group: transparency of the activity of the Company Group, unbundling the functions of ownership and regulation of the state, certainty and sustainability of the objectives of the Company Group, proper realization of the shareholders' rights.
23. Management bodies of the Company in adopting decisions and acting within the competence granted by regulations and these Articles of Association, shall also take into consideration other principles of corporate governance of the Company Group, that is, compliance with regulations and standards of best practice, operational efficiency, sustainability of the Company Group, competitiveness of activities, responsibility of the management and supervisory bodies of the Company Group and proper accountability to the shareholders.

24. There is a centralized internal audit system effective throughout the Company Group the functioning of which shall be ensured by the internal audit functional division established in the Parent Company accountable to the Board of the Parent Company.

## **6. GENERAL SHAREHOLDERS' MEETING**

25. Procedure for convening the Meeting, adoption of decisions and competence shall not differ from that of convening the general shareholders' meeting, adoption of decisions and competence prescribed by Law on Companies of the LR (the CL), except for additional competence of the Meeting as specified in Article 26 of these Articles of Association.
26. The Meeting shall also adopt decisions regarding the following (additional competence of the Meeting):
- i. approval of decisions taken by the Board as specified in Article 38 of these Articles of Association. When approving the Board's decisions regarding particular transactions, the Meeting *inter alia* shall approve the essential conditions of such transactions as provided for in Article 40 of these Articles of Association<sup>7.39</sup>;
  - ii. appointment of the Board members, establishment of the size of maximum annual remuneration budget for the Board members and maximum monthly remuneration rates for the Chair of the Board and Board members, conclusion of agreements with the Board members on activity in the Board, establishment of standard terms and conditions of such agreements, including specific hourly rate for work on the Board, and appointment of a person authorized to sign these agreements on behalf of the Company;
  - iii. removal or non-removal of Board members, when decisions are adopted in presence of a conflict of interest of Board members in the cases provided for in Article 48 of the Articles of Association.

## **7. BOARD OF THE COMPANY**

### **7.1. Formation of the Board**

27. The Board shall be the Company's collegial management body consisting of 5 (five) members. The Meeting to whom the Board is accountable shall elect Board members for 4 (four) years' term of office in accordance with the recommendations of the RAC. A member of the Board may continuously serve maximum 2 (two) subsequent full terms of office, i.e. no longer than 8 (eight) years in a row.
28. Members of the Board shall be elected ensuring that the Board consists of at least 2 (two) independent members, the independence whereof shall be defined following the criteria laid down in the Code of Management, the Policy of Management of Interests of Members of Collegial Bodies, Executives and Employees of the Company Group (the Interest Management Policy) as well as the requirements set forth by other applicable legal acts; also ensuring that at least 3 (three) Board members have no employment relations with the Company and, if possible, seeking to have no employees of the Company appointed to the Board, also seeking for the Board members to have competences taking into account the areas of responsibility and functions of the Board.
29. Only a natural person may be elected to serve on the Board. The following persons may not serve as members of the Board:
- i. The head of the Company;
  - ii. A member of the Board of the Parent Company;
  - iii. A person holding office in the supervisory body, management body or administration member of an energy company engaged in electricity production and/or supply or natural gas extraction and/or supply or otherwise participating in the management or supervision of these companies;

- iv. A person serving as member of the supervisory body, management body or managing employee in the companies controlled by the Company (the Controlled Company<sup>1</sup>) and in the associated companies (the Associated Company<sup>2</sup>);
  - v. Officials and employees of institutions that regulate the activities of entities operating in the energy services provision area and that have the state energy supervision authority;
  - vi. An auditor or an employee of an audit firm participating and/or having participated in audits of a set of financial statements of the Company carried out less than 2 (two) years ago, with whom a contract for auditing financial statements of the Company was concluded;
  - vii. Other persons who may not serve in this office following the effective legal acts.
30. To evaluate the suitability of the candidate to be member of the Board for this office, the Meeting shall evaluate the compliance thereof with the requirements set by these Articles of Association and by the applicable legal acts. For this purpose the Meeting must be provided with documents evidencing the candidate's compliance with the set requirements.
31. The person proposing candidates to members of the Board for the Meeting shall submit written explanations about the qualification of each proposed member to the Board and the suitability thereof to serve as member of the Board in line with the conclusions stipulated by the legal acts and/or other documents to support such compliance.
32. Each candidate to members of the Board shall provide the Meeting with a written consent to run for a member of the Board and the candidate's declaration of interest specifying all circumstances that could cause a conflict of interests of the candidate, i.e. the situation where personal interests of such person would be (directly or indirectly) related to decisions to be adopted by him when holding the post of a Board member. In case of the emergence of new circumstances that could lead to a conflict of interests of a Board member, the member of the Board shall inform the Board about such new circumstances and present the Company with a separate notice in accordance with the procedure laid down in the Interest Management Policy without any undue delay.
33. The members of the Board may have another job or occupy another position compatible with their activities in the Board, including without limitation the managing positions occupied in other legal entities, a job in a state or statutory service, position in the Company and in other legal entities (in observance of the restrictions laid down in Article 29 of these Articles of Association) as well as in legal entities where the Company or the Parent Company is participant only with prior notice to the Board and upon receipt of prior consent of the Board, except for educational, creative and copyright activities, participation in professional associations uniting energy specialists and energy companies or electricity, gas transmission operators, public organisations that are related with the satisfaction of exceptionally personal and/or family needs, and work in the Parent Company in respect whereof the above mentioned consent of the Board is not required, however, the Board shall be notified of holding such position.
34. Following the decision of the Meeting, before commencing in office the members of the Board may enter into agreements on their activities in the Board providing for their rights, obligations and responsibility. The standard provisions of these agreements shall be set by the Meeting. By its decision the Meeting may also determine that the members of the Board must be remunerated. In case a member of the Board of the Company is elected to occupy the position of the Director General or is appointed as the Company's branch manager, an employment agreement shall be made with such member relating to this job. All elected members of the Board shall sign the obligation of non-disclosure of the Company's commercial (trade) secrets and confidential information without delay, which may also be enshrined in the agreement on the activities in the Board or signed separately.

## **7.2. Competence of the Board**

35. The competence of the Board shall not differ from that defined by the CL, except for the additional competence provided for in Articles 36 - 44 hereof.

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<sup>1</sup> For the purpose of these Articles of Association the Controlled Company shall mean a legal entity where AB "Amber Grid" holds more than 50% of the shares.

<sup>2</sup> For the purpose of these Articles of Association the Associated Company shall mean a legal entity where AB "Amber Grid" holds 50% or less than 50% of the shares.

36. The Board shall consider and approve:
- i. The strategy of the Company;
  - ii. The activity plan of the Company for minimum 3 (three) years' term and the activity plan implementation report within the periods defined by the Board;
  - iii. A 10 (ten) year development plan for the natural gas transmission network;
  - iv. A list of projects of the Company controlled by the Board;
  - v. The Company's annual budget and annual activity goals;
  - vi. The procedure for allocating support and charity;
  - vii. The list of essential conditions of transactions (by types of transactions) and the procedure for making transactions under the decision taken by the Board, including the decisions of the Board about the transactions that require approval of the Meeting following Article 38 of these Articles of Association;
  - viii. The list of information that is considered to be the Company's commercial (trade) secret and confidential information as well as the principles for use (storage) of such information in the Company;
  - ix. The security plan of the Company as a company important for ensuring national security;
  - x. The job description of the General Manager, the salary and annual performance goals thereof, as well as other conditions of the employment agreement, shall give incentives and impose sanctions;
  - xi. Documents of the Company Group (guidelines, policies, procedures, etc.) and shall decide on the scope of their application in the Company, other documents regulating the Company's business.
37. The Board shall take the following decisions:
- i. On the setting of gas transmission prices and the prices of other state regulated services on the basis of the calculations made by the Company as well as their application procedure where required by the effective legal acts;
  - ii. On issuing bonds (except for convertible bonds);
  - iii. On establishing of the Company's branches and representative offices and termination of their operation, also about the approval of their regulations and amendments thereto, appointing and recalling of the managers;
  - iv. On the Company's participation in the activities of associations or unions of legal entities in any form;
  - v. On the Company becoming a founder, participant of other legal entities, also decisions on increasing or decreasing the number of shares (stocks, interest) or other change in the rights granted by the shares (stocks, interest), shall approve the essential conditions of the share subscription agreements;
  - vi. On transferring or pledging the Company's property included in the List of Facilities and Property of Strategic Importance to National Security provided in the Law on Objects Important to Ensuring National Security of the LR, the change of the legal status, other restriction or disposal thereof, where the value of such transferred property is lower or equals to 1/20 of the Company's authorised capital;
  - vii. Approve standard conditions of the agreements arising out of the direct gas transmission system operator's activity, - agreements on connection to the gas system, agreements on natural gas transmission service, natural gas balancing agreements, - and take decisions on making transactions with deviations from such approved standard conditions of the agreements;
  - viii. On the acquisition of goods, services or works for more than EUR 2,000,000 and decisions on the acquisition of goods, services or works from a single supplier for more than EUR 1,000,000, except for the cases where goods listed on the commodities exchange are being purchased for the Company's technologic needs and balancing;

- ix. On the acquisition of goods, services or works from the Parent Company irrespective of the value thereof;
  - x. On the investment, transferring of assets with the book value exceeding EUR 2,000,000 (calculated individually for every type of transaction);
  - xi. On any transactions improper execution whereof may lead to the Company possibly having to pay penalties exceeding EUR 2,000,000;
  - xii. On the rent, pledge or mortgage of assets with the book value exceeding EUR 2,000,000 (calculated for the total amount of transactions);
  - xiii. On indemnity or guarantee for performance of other persons' obligations amounting to more than EUR 2,000,000;
  - xiv. On the acquisition or creation of long-term assets for a price higher than EUR 2,000,000;
  - xv. On borrowing transactions in the amount higher than EUR 2,000,000 and their essential conditions as well as about lending of money, except for the cases where transactions are made following the procedure approved by the Board;
  - xvi. On entering into peaceful settlement agreements or discontinuance of a claim (counter-claim, complaint) or equivalent legal proceedings discontinuing a dispute in judicial (arbitrage) disputes where a claim is filed to or by the Company in the amount higher than EUR 1,000,000; also decisions about filing a claim (counter-claim, complaint) to initiate a dispute with the national institution that regulates prices, irrespective of the value;
  - xvii. On the exemption of contractual penalties and to the Company's contracting parties where the amount of such penalties is higher than EUR 100,000;
  - xviii. On the commencement of new type of activities or termination of a particular operation in case no funds are provided for the operation of such activity in the Company's approved annual budget or the decision to terminate a particular operated activity is made for other than the mandatory requirements of the legal acts, fulfilment of the binding decision of the court or arbitration;
  - xix. On making other transactions (that are not mentioned in separate Articles of these Articles of Association) amounting to more than EUR 1,000,000 in case no funds are provided for them in the Company's annual budget;
  - xx. Taking into account the deficiencies identified during a centralized internal audit effective throughout the Company Group and the recommendations provided thereby, approve an action plan for remedying the deficiencies and implementing the recommendations, and consider reports on the implementation of this action plan;
  - xxi. On issues attributed to the competence of the Board by other legal acts, these Articles of Association or decisions of the Meeting and the Board;
  - xxii. On entering into agreements on gas transportation among third parties other than the EU Member States, except for the cases where such services are provided under the standard conditions (agreement on natural gas transmission service, agreement on natural gas balancing, orders of capacities and other transactions on regulated activities) approved (agreed upon) by a competent authorised institution;
  - xxiii. The Board shall have the right to consider other issues applied for to the Board by at least one member of the Board.
38. The Board shall take decisions that require approval by the Meeting:
- i. On transfer, pledge or other restrictions to the shares (stocks, interests) held by the Company or the rights granted thereby or the rights of the participant of legal entity;
  - ii. On transfer of the Company's Controlled and/or Associated Companies as a property complex or essential elements thereof, where the book value of the transferred property is higher than 1/20 of the Company's authorised capital;
  - iii. On transfer, pledge, change of the legal status, other restriction or disposal of Company's property included in the List of Facilities and Property of Strategic Importance to National Security provided in the Law on Objects Important to Ensuring

National Security of the LR where the value of the specified facilities is higher than 1/20 of the Company's authorised capital;

- iv. On transfer, other disposal or restriction of the shares or the rights granted by such shares in the directly or indirectly controlled companies that possess, develop, operate, use or dispose on any basis the facilities specified in Article iii hereof, increasing, decreasing of the authorised capital of such companies or other actions that can change such companies' authorised capital structure (e.g., issuing of convertible bonds) and decisions on the reorganisation, spin-off, restructuring, liquidation, reforming of the companies specified herein or other actions changing the legal status of the companies specified herein;
  - v. On investment, transferring, rent (calculated individually for every type of transaction), pledge or mortgage (calculated for the total amount of transactions) of the Company's assets with the book value exceeding 1/5 of the Company's authorised capital;
  - vi. On any other transactions whereby an agreement is reached on the payment of penalties in the total amount which may exceed 1/5 of the Company's authorised capital;
  - vii. On indemnity or guarantee for performance of other persons' obligations amounting to more than 1/5 of the Company's authorised capital;
  - viii. On the acquisition of assets at a price exceeding 1/5 of the Company's authorised capital;
  - ix. On the presentation of the Company's projects for their recognition as projects of exclusive national importance and/or projects important to the state as defined in legal acts.
39. Before taking the decisions referred to in Article 38 of these Articles of Association, the Board shall obtain consent of the Meeting or postpone the effective date of the decision till the moment when the necessary consent of the Meeting is obtained. Consent of the Meeting shall not cancel the Board's responsibility for the decisions taken.
40. By taking the decisions on making transactions specified in Articles 37 and 38, the Board shall approve the essential conditions of these transactions and authorise the Director General or another person authorised thereby to agree upon other (non-essential) conditions of such transactions required to make respective transactions and other agreements or documents on behalf of the Company.
41. Additional functions of the Board relating to the Controlled Companies and Associated Companies:
- i. The Board shall take decisions on exercising the legal entity's rights and obligations in the Controlled Companies and Associated Companies in relation to voting by the Company in general meetings of shareholders of such legal entities;
  - ii. The Board shall take decisions on amendments to the Articles of Association of the Controlled Companies and Associated Companies;
  - iii. The Board may provide recommendations on the implementation of documents of the Company Group in Controlled and Associated Companies;
  - iv. The Board may define the operation and management guidelines, regulations, annual financial plans, annual return-on-assets-ratio, maximum debt liabilities, and other business parameters for the Controlled Companies.

### **7.3. Competence of the Board related to the performance of supervisory functions**

42. The Board shall perform the following supervisory functions:
- i. Approve or disprove conclusion of transactions with related parties taking into account the AC's opinion, as it is indicated in Article 43;
  - ii. Supervise over the activities of the Director General, give feedback and make proposals as to the activities of the Director General to the Meeting;

- iii. Consider the Director General's suitability to hold the post if the Company is operating at a loss;
  - iv. Make proposals to the Director General to revoke his decisions that are in conflict with laws and other legal acts, the Articles of Associations, decisions of the Meeting or the Board;
  - v. Decide on other issues relating to supervision over the activities of the Company and the Director General attributed to the competence of the Board by the Articles of Association and decisions of the Meeting.
43. Taking into account the AC's conclusion, the Board shall take a decision to approve or disprove conclusion of transactions with related parties where these transactions
- i. are concluded under unusual market conditions and/or;
  - ii. cannot be attributed to usual economic activities of the Company and/or;
  - iii. make a significant impact on the Company, its finances, assets or liabilities.
- Transactions with related parties shall be considered to have a significant impact on the Company, its finances, assets or liabilities where the total possible impact of such a transaction on the Company expressed in monetary terms exceeds 1/10 of the Company's authorised capital.
44. Taking into account the AC's opinion, the Board shall lay down the rules itemizing the assessment and the setting of the evaluation criteria of transactions with related parties referred to in Article 43 hereof;

#### **7.4. Meetings and other procedural issues of the Board**

45. The Board shall take its decisions in the Board meetings, which shall normally be convened as necessary for the Board to be able to properly perform its functions and take decisions attributed to its competence, but not less than 12 (twelve) per calendar year. The procedure for convening the Board meetings and voting therein and other issues of procedural nature shall be regulated as provided by the CL and the related legal acts and shall be elaborated by the Board's rules of procedure approved by the Board.
46. The Board shall elect the chairman of the Board from among its members. The chairman of the Board shall serve a continuous term of office of maximum 4 (four) subsequent years. The chairman of the Board may not be elected from among the Company's employees elected to the Board of the Company.
47. The Board members unable to directly attend the Board meeting shall take every effort to vote in advance in writing or by means of electronic communication and/or through teleconference provided that the security of the transmitted information is ensured and the voting person can be identified, and such Board members shall be deemed to be present at the Board meeting.
48. The Board member shall not be entitled to refuse to vote or abstain from voting, except for the cases provided by the laws and these Articles of Association. Where the Board member participates (by voting, taking part in discussions, etc.) in taking a decision which also (directly or indirectly) relates to personal interests of the respective Board member, the respective Board member shall immediately abstain from any action in the exercise of his functions and inform the Board of the existing conflict of interests. The Board shall decide on the removal of the Board member from voting on a specific matter, or if the Board cannot make a decision because not a single Board member can vote on a relevant issue because of a conflict of interests, the Meeting shall take the relevant decision on the removal of the Board members.
49. The Board may adopt decisions and its meeting shall be deemed to have taken place when the meeting is attended by 4 (four) or more members of the Board. During the voting each member shall have one vote. The decision of the Board shall be deemed adopted when more members of the Board voted "for" than those who voted "against". In case the votes "for" and "against" are distributed equally, the vote of the chairman of the Board shall be decisive.
50. The Company shall ensure appropriate working conditions at the Board for the Board and the Board members, and provide the technical and organisational means required for such work. The Director General shall elect the secretary of the Board meetings, i.e. the Company's employee performing supporting functions for the Board meetings.



51. The Board member shall have the right to access all documents of the Company and its Controlled and Associated Companies and all information of the Company and its Controlled and Associated Companies to the extent the Company disposes of information of Associated Companies or is entitled to dispose of such information in accordance with applicable legal acts.
52. The Board shall perform an assessment of its activities and analysis of its needs at least once per year to be able to determine the competence of members needed in pursuit of the goals of the Company and the Company Group, and shall inform the Meeting and the RAC about the results of the assessment of its activities and analysis of its needs.
53. Other issues related to the formation of the Board and decision making by the Board shall not differ from their regulation provided for in the CL.

## **8. DIRECTOR GENERAL**

### **8.1. Appointment**

54. The Director General is a single-person management body of the Company appointed by the Board of the Company taking into account the recommendations of the RAC. The Director General shall be accountable to the Board.
55. Only a natural person shall be appointed as the Director General. The following persons shall not be appointed as the Director General:
  - i. a Board member;
  - ii. person acting as a supervisory body, management body or executive officer in the energy enterprise which is engaged in activity of electricity production and/or supply or natural gas production and/or supply;
  - iii. a person who shall not qualify for this office pursuant to grounds established by other regulations.
56. In assessment of suitability of the candidate for the position of the Director General the Board shall consider his/her compliance with requirements specified by these Articles of Association and regulations, and therefore may require that the candidate submitted documents supporting this compliance and/or contact competent authorities for obtaining necessary information about the candidate.
57. The candidate to the position of the Director General shall submit to the Board a written consent to run for the position of the Director General and a declaration of interests of the candidate containing all the circumstances which are likely to cause conflict of interests of the candidate, i.e. the situation where personal interests of such person would be (directly or indirectly) related to decisions to be adopted by him when holding the post of the Director General. Upon occurrence of new circumstances due to which a conflict of interests of the Director General and the Company is likely to arise, the Director General shall inform the Board in writing about such new circumstances without any undue delay.
58. The Director General may hold other position or have another job, including position in the Company or other legal entities a participant whereof is the Company, only with a prior written consent of the Board, except for cases of pedagogical, creative or educational activities, participation in professional associations joining energy professionals and energy companies or electricity, gas transmission operators, public organizations participation in which is exclusively related to satisfaction of personal and/or family needs for which such consent of the Board is not required, however the Board shall be notified of holding such position.
59. Prior to assuming the office the Director General shall sign a commitment not to disclose commercial (trade) secrets and confidential information of the Company.
60. The CL and other applicable legal acts lay down other rules establishing the procedure of election, recall or setting of the term of office of the Director General.

### **8.2. Competence of the Director General**

61. Competence of the Director General shall not differ from competence of the head of the company defined by the CL, except for the additional competence of the Director General provided for in Article 62 hereof.
62. In addition to competences related to the Company, the Director General shall:
- 63.
- i. organize and control day-to-day operation of the Company, take decisions regarding activity of the Company;
  - ii. ensure implementation of the Company's strategy, decisions of the Meeting and the Board in the Company;
  - iii. conclude transactions on behalf of the Company following the procedure established by the Board. Director General may conclude transactions subject to decision of the Board or the Board and the Meeting following these Articles of Association only with a prior decision of a particular body or postponing the effective date of the transaction till the moment when the necessary decisions are obtained;
  - iv. submit to the Board the draft strategy of the Company, draft activity plan, draft annual budget and operational objectives and other draft documents of the Company subject to consideration and approval of the Board;
  - v. submit proposals to the Board regarding adjustments of the annual budget of the Company in the course of financial year (if necessary);
  - vi. ensure allocation of resources and means necessary for performance of activities of the Company's bodies;
  - vii. issue procurement in cases prescribed by legislation;
  - viii. ensure that all documents of the Company were submitted to the Company's auditor for an inspection specified by the agreement with the auditor or the audit company;
  - ix. ensure that the internal auditor who carries out centralized internal audit throughout the Company Group is provided with all documents and information of the Company necessary to carry out the internal audit;
  - x. control, coordinate and supervise at the Company level the course and implementation of strategic projects included in the national energy strategy and/or projects of exclusive national importance and/or projects significant to the state as they are defined by effective regulations;
  - xi. prepare a report on implementation of the activity plan of the Company and submit it to the Company's Board according to periodicity established by the Board;
  - xii. pursuant to procedure established by regulations, ensure protection of the Company's assets and rights and legitimate interests and safe, suitable working conditions, protect the Company's trade secrets and confidential information. The Director General shall take decisions regarding classification, tagging, term, use of the Company's commercial (trade) secrets and confidential information and establishment of protection rules for such information in the Company;
  - xiii. submit quarterly activity and financial reports and financial performance forecast of the Company to the Board, documents required for meetings of the Board according to periodicity established by the Board;
  - xiv. perform other functions within the competence of the head established by the CL and these Articles of Association.
64. The Director General, in accordance with decisions adopted by the Board, shall vote in general shareholders' meetings of the Controlled and Associated companies, as it has been established by Article 41 of the Article of Association. Moreover, according to granted competence, the Director General shall ensure adequate representation of the Company's rights and legitimate interests in the Controlled and Associated Companies, adequate control of activities of Controlled and Associated Companies and the pursuit of goals set for these companies.

## **8.5. Resignation and revocation**

65. The Director General shall have the right to resign by submitting a written notification of resignation to the Board. The Board, pursuant to the procedure established by laws, shall take a decision to revoke the Director General. Where the Board does not take a decision to revoke the Director General, the contract concluded with the Director General shall expire in accordance with the procedure and deadlines established by laws.
66. Upon revocation of the Director General or his resignation in accordance with the procedure laid down by the CL, the Director General shall transfer to the newly appointed Director General or, if he was not appointed, - to the Chair of the Board, tangible valuables and main documents of the Company by a deed of acceptance - transfer.

## **9. PROCEDURE FOR ANNOUNCEMENT OF THE COMPANY'S NOTIFICATIONS**

67. In cases where the Company's notifications shall be announced publicly pursuant to laws applicable to announced in the electronic publication for public notifications issued by the manager of Register of Legal all legal entities, other regulations and/or these Article of Association, such notifications shall be Entities according to procedure established by Government. Unless laws of the LR and/or these Articles of Association determine otherwise, other notifications may be submitted in person, by mail or electronic means. This provision shall not apply to the notifications announced by the Company as an operator of the transmission system following specific energy regulatory requirements for activity of the system operator and on the official website of the stock exchange where the Company's shares are traded.
68. The Director General or his duly authorized person shall be liable for sending and serving notifications in a timely manner.

## **10. PROCEDURE FOR SUBMISSION OF THE COMPANY'S DOCUMENTS AND OTHER INFORMATION TO THE SHAREHOLDERS**

69. At a written request of the shareholder, the Company shall provide the shareholder with a possibility to examine the following documents and/or submit copies thereof within 7 (seven) calendar days as of the date of receipt of the request: the Articles of Association, annual and interim financial statements, the Company's annual and interim reports, the auditor's (audit company's) report and audit reports, minutes of the Meetings or other documents executing decisions of the Meeting, lists of shareholders, lists of the Board members, other documents of the Company which shall be made publicly available pursuant to laws, if these documents are not related to the Company's commercial (trade) secret or confidential information.
70. The Company shall provide the shareholder with access to other information of the Company, and, at the request of the shareholder, shall systemize the information according to the specified criteria and / or present copies of documents, if such information and documents are necessary for the shareholder in the performance of other requirements provided for in legal acts, and the shareholder shall ensure the confidentiality of such information and documents. The Company may not provide the shareholder with the information and documents necessary for the performance of requirements provided for in legal acts, if the Company can submit this information and / or documents directly to the persons (institutions and bodies) who must be provided with this information and / or documents in the performance of the requirements provided for in legal acts.
71. All information and documents referred to in Articles 68 and 69 of these Articles of Association shall be submitted to the shareholders and the Board members free of charge.

## **11. FINAL PROVISIONS**

72. In case of discrepancies between these Articles of Association and imperative regulations governing legal status of companies and/or activities, the imperative provisions of regulations shall prevail.
73. Procedure for amendment of the Company's Articles of Association shall not differ from the procedure for amendment of articles of association established by the CL. The Company's Articles of Association shall come into force as of the date of registration with the Register of Legal Entities of the LR.

These Articles of Association were signed on \_\_\_\_ 2018.

Person authorized by the General Meeting of Shareholders:

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