

Title of the internal legal act	Policy for the full or partial sale of the shares in Group's subsidiaries
Title of the process	Finance-Investment
Process owner (unit)	Group Finance and Investments
Approving company	AB "Ignitis grupė"
Approving person/body	Management Board of AB "Ignitis grupė"
Date of approval	2022-05-10
Date of entry into force	From the date of approval

POLICY FOR THE FULL OR PARTIAL SALE OF THE SHARES IN GROUP'S SUBSIDIARIES

1. PURPOSE AND SCOPE

- 1.1. The purpose of the Policy is to lay down rules and procedures for the conclusion of transactions for the full or partial sale of shares in direct subsidiaries or further tiers subsidiaries of AB "Ignitis grupė" which are not listed in a stock exchange, when such transactions are not concluded between AB "Ignitis grupė" and/or its subsidiaries and/or its further tiers subsidiaries as well as between the aforementioned companies and other companies whose shareholder is a state-owned enterprise, its subsidiaries and/or further tiers subsidiaries. The Parent Company or a Company reserves the right, under reasonable circumstances (e.g., where there is an opportunity to increase the value created for the shareholders of the Company), to carry out only a part of the actions set out in the Policy, carry out actions in an order different than the one provided, carry out additional actions, have different number of stages or procedure for carrying out the organised transaction, etc.
- 1.2. The Policy shall apply to all Companies of the Group.

2. TERMINOLOGY

- 2.1. General terminology described in the Glossary: [Parent Company](#), [Employee](#), [Group](#), [Company](#). Terms and/or abbreviations used in the Policy have the following meanings:
- 2.2. **Investment Team** – Employees of the Group Finance and Investments function.
- 2.3. **Acquisition Lawyer** – Head of Group Legal function, a head of any functional area under the Group Legal function, a head of a legal unit in a Company, a senior legal expert of a Company, a senior legal counsel, a legal counsel, a legal expert, a lawyer, a junior lawyer.
- 2.4. **Communications Team** – Employees of the Public Relations functional area of the Group Communications function.
- 2.5. **Transaction** – a transaction of full or partial sale of shares in a Company (as a process) carried out between it and a Third Party.
- 2.6. **Agreement** – a purchase and sale agreement of shares in a Company, including a preliminary and/or conditional agreement.
- 2.7. **Third Party** – a legal entity or a natural person, or a person who does not have the status of a legal entity, or a group (joint venture) of any persons stated herein, which is not part of the Group.
- 2.8. **Inside Information** – information provided in [Group Market Abuse Prevention Policy](#).

3. PREPARATION FOR THE FULL OR PARTIAL SALE OF THE SHARES IN A COMPANY

- 3.1. The Investment Team shall be responsible for the coordination in executing the Transaction and in performing specific functions set out in this Policy, as well as monitoring the performance of the functions (where they are performed by other Employees), i.e., the Investment Team shall be the owner of the process.
- 3.2. Preparation for the full or partial sale of the shares shall be initiated after the Management Board of the Parent Company and/or a Company informs the Investment Team about the need to prepare/update a draft plan for the full or partial sale of the Company's shares (hereinafter – the Plan). The preparations of the Plan may involve, as necessary, Employees of the Companies and of other units, functions or functional areas, such as project-, legal-, public procurement-related, etc. Special collegial bodies can also be formed to prepare the Plan and/or ensure the supervision of the project.
- 3.3. After the Plan is prepared, the Investment Team shall inform the lawyers of the Group, responsible for corporate law issues, to include the presentation of the Plan into the agenda of the Management Board meeting of the Parent Company and/or the Company. In parallel, the Investment Team shall prepare material for the presentation of the Plan to the Management Board of the Parent Company and/or the Company.

- 3.4. The Investment Team shall inform the Communications Team about the need to disclose general information and, if necessary, issue a material event notification via information systems of regulated market operators about the initiated procedure of selling shares of a Company and provide contact details for those, who are interested in the possibility of acquiring the Company's shares. Material event notification must be issued when the initiation of a full or partial sale of the Company's shares constitutes Inside Information. The Communications Team shall prepare a material event notification. Material event notification shall be prepared in accordance with the Group Inside Information Management Guidelines and must be coordinated with the Inside Information Disclosure Committee. In the event of uncertainty in respect of the nature of the information, compliance with Inside Information criteria, Inside Information management or disclosure, the Investment Team shall consult with the Inside Information Disclosure Committee.
- 3.5. After receiving a decision from the Management Board of the Parent Company and/or the Company to initiate the full or partial sale of the shares of the Company (Paragraph 3.3 of the Policy), the Investment Team shall organise preparation for the full or partial sale of the shares of the Company. The following documents shall be prepared, and the following actions shall be carried out (if a need is identified, other Employees and Third Parties may be involved):
- 3.5.1. arranging financial, legal and other documents of the Company;
 - 3.5.2. teaser of the Company;
 - 3.5.3. information memorandum – a detailed presentation of the Company, which includes business model presentation, historical financial data, forecasts, etc.;
 - 3.5.4. Process Letter – description and rules of the Transaction process (including a process timeframe indicating by when potential investors must submit a proposal, etc.);
 - 3.5.5. internal financial/valuation model (highlighting key assumptions in the Company's business, financial forecasts to perform valuation);
 - 3.5.6. non-disclosure agreement (NDA) (prepared by an Acquisition Lawyer);
 - 3.5.7. list of potential investors (potential investors are identified after performing internal market analysis);
 - 3.5.8. communication plan (prepared by Investment Team, which shall consult with Communications Team and/or Acquisition Lawyer);
 - 3.5.9. other relevant information and actions, if a specific need is identified.
- 3.6. The Investment Team shall organise the acquisition of the services necessary to carry out the Transaction and shall be responsible for coordinating the procurement of the services (if a need is identified, other Employees may be involved). The following services shall be procured as necessary and in accordance with the normative internal legal acts regulating the procedure of the Group's public procurements or procurements:
- 3.6.1. services of valuating Company's shares and/or carrying out financial and/or tax due diligence;
 - 3.6.2. services of Company's legal due diligence and/or legal consultations regarding the preparation of the Agreement and other related documents, submission of legal conclusions (organised and coordinated by the Acquisition Lawyer);
 - 3.6.3. investment banking and/or Transaction advisory services;
 - 3.6.4. virtual data room (VDR) services.
- 3.7. The preparation for the full or partial sale of the shares of the Company shall be considered completed when all the actions provided in Paragraphs 3.2–3.6 of the Policy, that are necessary for that specific Transaction, are carried out. The Parent Company or the Company reserves the right to, under reasonable circumstances (e.g., after renewing the initiated sale process, carrying out the sale in accordance with the strategy, etc.) to prepare and/or carry out only a part of the provided documents and/or actions.

4. THE FIRST STAGE OF THE TRANSACTION

- 4.1. The following documents, but not limited to the ones described below, shall be prepared and the following actions shall be carried out (if a need is identified, other Employees and Third Parties may be involved¹):

¹ If necessary, a share of responsibilities of the Investor Team and/or Acquisition Lawyer may be delegated to external consultants (e.g., investment banking, Transaction consultants or external lawyers) at any stage of the Transaction, should they be engaged, even though the Policy might indicate otherwise.

- 4.1.1. Draft of Agreement and other documents (e.g., shareholders' agreement, if relevant) (organised and coordinated by Acquisition Lawyer);
- 4.1.2. virtual data room rules (prepared by Acquisition Lawyer);
- 4.1.3. financial, tax, legal, technical and other important documents related to the activities of the Company uploaded to virtual data room. Investor Team shall organise and coordinate the upload of the information and documents to the virtual data room. If a need is identified, other Employees may be involved into the process of collecting and uploading documents. Virtual data room cannot contain data considered as Inside Information. In the event of uncertainty in respect of the nature of the information, the Investment Team shall consult with the Inside Information Disclosure Committee;
- 4.1.4. management presentation (prepared by Investor Team).
- 4.2. Persons from the list of potential investors, as well as other Third Parties who have expressed an interest in acquiring shares of the Company, and who, in the opinion of the Investment Team, are financially capable of executing the Transaction, have a positive reputation in the market, are not direct competitors of the Company, and do not have any obvious links to persons who are not in the interest of national security, shall be provided with a teaser of the Company whose shares are being sold, as well as a non-disclosure agreement.
- 4.3. Potential investors, who have signed a non-disclosure agreement, will be provided with an information memorandum, Process Letter of the first stage of the Transaction and other relevant information of the specific Company, whose shares are being sold.
- 4.4. After receiving information memorandum and/or other relevant information, potential investors shall have the right to submit questions. Investment Team shall organise the submission of answers to the questions raised by potential investors. If a need is identified, other Employees may be involved when preparing specific answers. If there is any doubt as to whether the question raised by a potential investor is too sensitive, the Head of the Company whose shares are being sold, Acquisition Lawyer as well as Head of Group Compliance and Business Resilience must also be involved in the analysis of the submitted question.
- 4.5. After the term to submit non-binding proposals expires, the Investment Team shall carry out a financial analysis of the received proposals within a 4-week period and shall present the results of the analysis to the Management Board of the Parent Company and/or the Company. After considering the presented information, the Management Board of the Parent Company and/or the Company shall decide which potential investors are eligible to participate in the second stage of the Transaction. Main criteria for evaluating potential proposals are the following:
 - 4.5.1. proposed price for the shares of the Company;
 - 4.5.2. reputation of the potential investor;
 - 4.5.3. the investor's capacity to conclude the Transaction (e.g., securing funding);
 - 4.5.4. the period necessary to conclude the Transaction;
 - 4.5.5. other terms and conditions relevant to the conclusion of the Transaction (e.g., shareholder(s) permission(s), risks related to obtaining competition clearance to conclude the Transaction, payment for shares schedule etc.).
- 4.6. Investment Team shall inform all potential investors who submitted non-binding proposals about their (non)selection for the second stage of the Transaction.
- 4.7. The first stage of the Transaction is considered completed when all actions provided in Paragraphs 4.1–4.6 of these Rules are carried out. The Parent Company or the Company reserves the right to, under reasonable circumstances (e.g., after renewing the initiated sale process, carrying out the sale in accordance with the strategy, etc.), to carry out only a part of the provided actions, carry out actions in an order different than the one provided, and to change the Transaction schedule (depending on a potential investor).

5. SECOND STAGE OF THE TRANSACTION

- 5.1. Potential investors, selected for the second phase of the Transaction, shall be provided with the rules for the use of the virtual data room as well as the Process Letter for the second stage, which will include a deadline for the submission of a binding proposal, access to the virtual data room as well as a meeting with the Company's management, where the management shall present the Company and answer relevant questions, and, if necessary, an inspection of the Company's site(s) and/or assets shall be organised.

- 5.2. Potential investors shall be provided with opportunity to submit additional questions. Investment Team shall organise the submission of answers to the questions raised by potential investors. If a need is identified, other Employees may be involved when preparing specific answers. If there is any doubt as to whether the question raised by a potential investor is too sensitive, the Head of the Company, Acquisition Lawyer as well as Head of Group Compliance and Business Resilience must also be involved in the analysis of the submitted question.
- 5.3. After potential investors complete financial, tax, legal, technical and any other necessary due diligence and after the binding proposals are submitted together with the amendments to the Company's provided Agreement and other related documents, the Investment Team shall carry out commercial, financial and legal analysis (Acquisition Lawyer shall be engaged for legal analysis) of the received proposals within a 4-week period. Investment Team shall present the results of the analysis to the Management Board of the Parent Company and/or the Company. After considering the presented information, the Management Board of the Parent Company and/or the Company shall decide on the potential investor(s) with whom further negotiations regarding the Agreement shall be carried out. Main criteria for evaluating potential proposals are the following:
- 5.3.1. proposed price for the shares of the Company;
 - 5.3.2. potential investor's willingness to accept the terms and conditions of the draft Agreement and other related documents proposed by the Parent Company or the Company;
 - 5.3.3. reputation of the potential investor;
 - 5.3.4. the investor's capacity to conclude the Transaction (e.g., secure funding);
 - 5.3.5. the period necessary to conclude the Transaction;
 - 5.3.6. other terms and conditions relevant to the conclusion of the Transaction (e.g., shareholder(s) permission(s), risks related to obtaining a competition clearance to conclude the Transaction, payment for shares schedule, etc.).
- 5.4. The Investor Team shall inform all potential investors who participated in the second stage of the Transaction about the decision to continue negotiations with other potential investor(s) (without disclosing information about it/them).
- 5.5. The second stage of the Transaction is considered completed when all actions provided in Paragraphs 5.1–5.4 of this Policy are carried out. The Parent Company or the Company reserves the right to, under reasonable circumstances (e.g., after renewing the initiated sale process, carrying out the sale in accordance with the strategy, etc.), to carry out only a part of the provided actions, carry out actions in an order different than the one provided, and to change the Transaction schedule (depending on a potential investor).

6. THE SIGNING OF THE AGREEMENT AND FULL OR PARTIAL TRANSFER OF THE SHARES OF THE COMPANY

- 6.1. After the Management Board of the Parent Company and/or the Company has decided on the potential investor(s) with whom further negotiations in respect of the Agreement shall be carried out, the Investment Team and the Acquisition Lawyer shall commence negotiations on the terms and conditions of the Agreement and other related documents. The final terms and conditions of the Agreement and other related documents shall be agreed with the potential investor during the negotiations. Adjustments to the Transaction documents may be made by external lawyers (if engaged), under the supervision of the Acquisition Lawyer, also involving the Investment Team and other Employees related to the project (if necessary).
- 6.2. The material terms and conditions of the Agreement and other related documents shall be presented to the Management Board of the Parent Company and/or the Company. After the collegial body(s) of the Parent Company and/or the Company, in accordance with the competence established in the Articles of Association of the Parent Company and/or the Company, make(s) a decision to conclude the Agreement with the selected potential investor under the material terms and conditions provided, the process of obtaining permissions (e.g., from Competition Council of the Republic of Lithuania, Commission for Coordination of Protection of Objects of Importance to Ensuring National Security, National Land Service under the Ministry of Agriculture) for the Third Parties shall be initiated², which shall be under the supervision and responsibility of the Acquisition Lawyer and, if necessary, external

² If necessary, the process of obtaining permissions for Third Parties may be initiated before the Management Board of the Parent Company and/or the Company decides whether to conclude the Agreement with the selected potential investor.

- lawyers may be involved (if engaged). In the cases set out in the Parent Company's Articles of Association, the approval of the General Meeting of Shareholders of the Parent Company and/or the Company must be obtained.
- 6.3. The Investment Team shall inform the Communications Team about the potential signing of the Agreement and shall provide the day on which the Agreement is likely to be signed.
 - 6.4. On the day of signing the Agreement, a material event notification shall be issued via information systems of the regulated market operators (if necessary) and via a press release (if necessary). Material event notification must be issued when the sale of the Company's shares (signing of the Agreement) constitutes Inside Information. The Communications Team shall prepare a material event notification. Material event notification shall be prepared in accordance with the Group Inside Information Management Guidelines and must be coordinated with the Inside Information Disclosure Committee. In the event of uncertainty in respect of the nature of the information, compliance with Inside Information criteria, Inside Information management or disclosure, the Investment Team shall consult with the Inside Information Disclosure Committee.
 - 6.5. If the conclusion of the Transaction takes place later than the signing of the Agreement, the Investment Team shall inform the Communications Team about the potential conclusion of the Transaction by identifying the day the Transaction is likely to be concluded.
 - 6.6. After obtaining required permissions from the Third Parties and carrying out other terms and conditions set out in the Agreement, the Transactions shall be concluded – the ownership of the shares of the Company shall be transferred to the investor. On the day of conclusion of the Transaction, a material event notification shall be issued via information systems of the regulated market operators (if necessary) and via a press release (if necessary). If the conclusion of the Transaction is considered as Inside Information, a material event notification shall be issued via information systems of the regulated market operators. The Communications Team shall prepare a material event notification. Material event notification shall be prepared in accordance with the Group Inside Information Management Guidelines and must be coordinated with the Inside Information Disclosure Committee. In the event of uncertainty in respect of the nature of the information, compliance with Inside Information criteria, Inside Information management or disclosure, the Investment Team shall consult with the Inside Information Disclosure Committee.
 - 6.7. The signing of the Agreement and the Transaction are considered complete when all actions provided in Paragraphs 6.1–6.6 of these Rules are carried out. The Parent Company or the Company reserves the right to, under reasonable circumstances (e.g., after renewing the initiated sale process, carrying out the sale in accordance with the strategy, etc.), to carry out only a part of the provided actions, carry out actions in an order different than the one provided, and to change the Transaction schedule (depending on a potential investor).

7. FINAL PROVISIONS

- 7.1. The provisions of the Policy shall enter into force from the date of its approval.
- 7.2. The Policy shall be approved, amended and cancelled by the decision of the Management Board of the Parent Company.
- 7.3. The Head of Group Investments functional area shall be responsible for the preparation and updating of the Policy.
- 7.4. The Head of Group Investments functional area shall be responsible for proper implementation and control of the Policy at the Group level.
- 7.5. The Group Employees shall be introduced to the Policy and shall follow its provisions.

8. RELATED LEGAL ACTS

[Resolution No 665 of the Government of the Republic of Lithuania of 6 June 2012 “On the Description of the Procedure for the Implementation of the Property and Non-property Rights of the State in State-managed Enterprises”.](#)

[Group Market Abuse Prevention Policy.](#)

[Group Inside Information Management Guidelines.](#)