**STANDARD TERMS AND CONDITIONS OF THE AGREEMENT**

# AGREEMENT NO \_\_

# ON THE BOARD MEMBER’S ACTIVITIES ON THE BOARD OF [COMPANY NAME]

This Agreement on the Board Member’s activities on the board (hereinafter – the **Board**) of [Company name] (hereinafter – the **Agreement**) was concluded on [\_\_\_] day [\_\_\_] month [\_\_\_] year by and between:

[Company name], private limited liability company established and operating under the laws of the Republic of Lithuania, Code of the Register of Legal Entities [Company name], registered office address: [Company name] (hereinafter – the **Company**), represented by [\_\_\_], acting on the basis of [\_\_\_],

and

[\_\_\_],personal identification number [\_\_\_], residence address [\_\_\_] (hereinafter – the **Board Member**).

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

**WHEREAS:**

1. By decision of the [sole shareholder / general meeting of shareholders] of the Company of [\_\_\_] day [\_\_\_] month [\_\_\_] year the Board Member was elected to the Company’s Board;
2. [*to be filled in if the remuneration of the Board Member is fixed, otherwise to be deleted*] on [\_\_\_] day [\_\_\_] month [\_\_\_] year the [sole shareholder / general meeting of shareholders] of the Company adopted the decision f decision on setting the amount of remuneration of the Board Members;
3. By decision of [\_\_\_] day [\_\_\_] month [\_\_\_] year the [sole shareholder / general meeting of shareholders] of the Company approved the standard terms and conditions of the agreement on the activities of the Board Member,
4. [*other circumstances relevant to the conclusion of the agreement may be indicated*]

**THE PARTIES HAVE AGREED:**

1. **Functions of the Board Member**
   1. By this Agreement, the Board Member undertakes to perform the duties of the member of the Board arising from the applicable legal acts, the Company’s Articles of Association, decisions of the meeting of shareholders of the Company, rules of procedure of the Board and other internal documents of the Company.
   2. Whereas the Company belongs to the EPSO-G group of companies (hereinafter – the **Group of Companies** or the **Group**), the parent company of which is UAB EPSO-G, acting on the basis of the documents of this Group of Companies approved by the Company, and acting jointly with the other persons elected to the Board, the Board Member undertakes to act as the management body of the Group taking the top-level management decisions of the Group on the matters within the competence of the Board of the Company and to perform other functions assigned to the Board of the Company.
   3. The Board Member undertakes to act properly, efficiently and cost effectively and to perform his/her duties in accordance with the highest standards of professionalism, acting for the benefit of the Company and of all shareholders of the Company, and in pursuit of the objectives of the Company’s activities set out in the Company’s Articles of Association and in other internal documents of the Company. The Board Member must ensure that the functions of the Board Member under applicable laws and regulations and the Company’s Articles of Association are carried out without interruption.
   4. The Board Member must perform own duties personally and may not delegate or entrust the performance of all or any part of his or her functions as a Board Member to third parties, except for the right to authorise another Board Member to vote instead of him or her.
   5. The Board Member shall have the following responsibilities:
      1. to act honestly and prudently with respect to the Company, other bodies 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 seek the Company’s business goals and to respect the common interests of the Group of companies, with a view to ensuring the unified management strategy for the Group of Companies to act in observance of the core principles of corporate governance of the Group of Companies and the common documents of the Group of Companies;
      5. to seek that the Company ensures the implementation of the directions, principles, objectives and priorities set out in the Letter of the Minister of Energy of the Republic of Lithuania on the objectives set and expectations raised by the State for the Parent Company UAB EPSO-G;
      6. to immediately inform the Board and the Company that he or she has been elected / appointed a member of a collegial or single-person management body of another legal entity or has been recalled / resigns from his or her position as a member of a collegial or single-person management body of another legal entity, including, but not limited to, holding such a position in a collegial or single-person management body of another state-owned enterprise/state-owned company and/or a municipal enterprise / municipal-owned company;
      7. to protect commercial (industrial) secrets and confidential information of the Company as provided for in this Agreement and internal documents;
      8. to avoid conflicts of interest between the Company and the Board Member (including interests of third parties for whose benefit the Board Member is required to act);
      9. not to use, for own or third party benefit, any information learned by the Board Member in the exercise of his or her functions as the member of the Board of the Company;
      10. for the purpose of effective planning and organisation of Board meetings, to inform the Company in advance of planned holidays, business trips or any other employment which may interfere with his or her attendance at the scheduled meetings of the Company’s Board or at any planned meetings of the Company's Board, of which he or she has been duly informed in advance;
      11. to refrain from any public statements, publications, comments about his or her activities on the Board and/or in the Company that have not been coordinated with the Company according to the procedure established in the internal documents, and, taking into account that the shares of the Group's companies are listed on the stock exchange – also from disclosing to the public or to any third parties the information, which under applicable legal acts would be considered as insider information, or any other information which may directly or indirectly affect the value of shares of the Group companies, except in the cases directly provided for by law in connection with the proper performance of his or her duties as a member of the Board and in the cases where a person representing the Republic of Lithuania on the Board is required by internal legal acts to coordinate his or her powers with the head of the institution where he or she is employed;
      12. where, by decision of the Board, the Board Member is appointed to carry out specific tasks or to supervise, on a permanent or temporary basis, certain matters within the competence of the Board, the Board Member must regularly provide other Board Members with information on the task being carried out and the matter(s) being supervised, and must draw up reports on his or her activities in accordance with the procedure established by the Board, and must present them to the Board for consideration;
      13. to continuously and independently improve the knowledge and qualifications necessary for the proper performance of the functions of the Board Member and for comprehensive understanding of the Company's activities, the efficient performance of tasks and professional decision-making;
      14. to fulfil other obligations imposed by applicable legal acts, 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 receive, free of charge, from the Company and its management bodies, all information and documents that are necessary for the performance of his or her functions on the Board and are at the disposal of the Company;
      2. the right of initiative to convene the Board meeting and the right to propose items to be included in the agenda of the Board meeting being initiated or convened, in accordance with the Company’s Articles of Association and applicable legal acts;
      3. if there is an objective need, on a case-by-case basis, to use of the Company’s resources that are necessary for ensuring the proper performance of the Board Member;
      4. other rights conferred by applicable legal acts, the Company’s Articles of Association and the regulations of activities of the Board.
2. **Attendance at the Board meetings**
   1. The Board Member must attend all meetings of the Board, unless he or she cannot attend them for important valid reasons. In such exceptional cases, the Board Member, who cannot attend the Board meeting in person, must vote in advance by written ballot or by means of telecommunications in accordance with the provisions regulations of activities of the Board or, if, this is not possible, to vote by written ballot or by means of telecommunications, to authorise, in accordance with the procedure laid down by legal acts, another Board Member to vote instead of him or her.
   2. The Board Member must always arrive at the meetings having got acquainted with the agenda of the meeting and all information and documents submitted to him or her on the matters under consideration. The Board Member must take an active part in the discussion of the items on the agenda of the meeting, state his or her position in writing or orally on all the issues under discussion, and make reasoned proposals regarding the resolution of the issues under discussion.
3. **Voting at the Board meetings**
   1. The Board Member must vote “for” or “against” each issue being discussed at the Board meeting, except where the Board meeting is considering the issue related to his or her performance on the Board or to the Board Member’s liability or where, under applicable laws, the Board Member cannot vote or where voting would give rise to a conflict of interests between the Company and the Board Member. The Board shall decide whether the Board Member should be suspended from voting on a particular issue.
   2. The Board Member may not refuse to vote or abstain from voting, except in the cases prescribed by legal acts and the Company’s Articles of Association. Likewise, the Board Member may not authorise other persons to vote for him or her, unless otherwise provided for in this Agreement.
4. **Provision of technical and organisational means to ensure the activities of the Board Member**

The Company shall ensure that, in performing his or her duties, the Board Member has access to the Company’s resources if there is an objective need, in individual cases, which are necessary for ensuring the proper activities of the Board Member. In such case, the Board Member must inform the Company of the need in advance according to the procedure prescribed by internal legal acts of the Company.

1. **Absence of conflict of interests and the right to have another job**
   1. Each candidate for membership on the Board shall be required to submit to the Meeting a written consent to apply for membership on the Board and the candidate’s declaration of interests, indicating any circumstances which may give rise to the conflict of interests on the part of the candidate, i.e. a situation in which personal interests of such person would be connected (directly or indirectly) with decisions to be taken by him or her in the exercise of the functions of the Board Member. If new circumstances emerge during the term of the Agreement which could give rise to a conflict of interests between the Board Member and the Company, the Board Member must immediately inform the Board and the Company in writing of such new circumstances, in accordance with the procedures set out in the Company’s internal legal acts.
   2. The Board Member may have another job or take up another position compatible with his or her activities on the Board, including, but not limited to, holding managerial positions with other legal entities, employment in the public service or statutory service, positions with the Company and other legal entities, only after prior notification to the Board and the Company.
2. **Absence of employment relationships**

The Parties acknowledge that this Agreement establishes civil legal relationships between the Board Member and the Company. This Agreement shall not be construed as creating employment relationships between the Parties. Accordingly, in the exercise of his or her functions, as a member of the Board, the Board Member shall not be deemed to be an employee of the Company and shall not be subordinate or accountable to the management of the Company. The Board Member shall act solely in his or her capacity as a member of the Board of the Company under this Agreement and shall assume full responsibility for the performance of his or her functions as a member of the Board and for the proper performance of this Agreement.

1. **Additional restrictions related to mandatory requirements of legal acts:**
   1. The Board Member undertakes to comply, throughout the term of the Agreement, with any additional restrictions imposed by applicable law relating to the unbundling of electricity and natural gas transmission activities and the independence of operations of the energy resources exchange, including but not limited to:
      1. not to participate in the supervisory and management bodies of the enterprise engaged in the production, distribution and supply of electricity and/or the extraction, distribution and supply of gas, and not to be a member of the administration of such enterprise;
      2. not to control, directly or indirectly, the supervisory and management bodies of a person engaged in the activities of generation, distribution and supply of electricity and/or the activities of production, distribution and supply of gas, or to have any rights in relation to such person (the rights referred to above shall include, in particular, the exercise of voting rights, the power to appoint the members of the supervisory bodies, management bodies and administration, and the management and disposal of the shareholding representing more than 5 % of shares and votes at the general meeting of shareholders of the Company);
      3. not to participate in the management of energy enterprises that trade or intend to trade on the energy resource exchange, including the exercise of voting rights in such enterprises and/or the appointment of members of the supervisory, management and/or administrative bodies of such enterprises;
      4. when taking decisions, to act independently of commercial or other interests of other enterprises or interested persons involved in the generation, distribution, supply of electricity, the supervision and management bodies and/or the production, distribution, supply of gas;
      5. take all necessary measures, within his or her competence, in order to ensure compliance with requirements prescribed by applicable legal acts relating to the unbundling of electricity transmission activities.
   2. The Board Member also undertakes not to take up, and to use reasonable endeavours to ensure that, during the term of the Agreement, persons close to him or her do not take up, any position as a member of the supervisory body, management body or administration of the energy enterprise carrying out the activities of generation, distribution and/or supply of electricity or the activities of production, distribution and/or supply of natural gas or otherwise participate in the management or supervision of such enterprises; nor participate in the management of energy enterprises that trade or intend to trade on the energy resources exchange, including exercising voting rights in such enterprises and/or appointing members of the supervisory, management and/or administrative bodies of such enterprises. This restriction shall include, inter alia, the provision of any consultancy or other intellectual services to those enterprises.
   3. Taking into account that a member of the Board may not be: the person who holds the position of a member of a supervisory body, a management body or administration of the energy enterprise engaged in the production, distribution and/or supply of electricity, or the production, distribution and/or supply of natural gas, or otherwise participates in the management or supervision of these enterprises; in the management of energy enterprises trading or intending to trade on the energy resources exchange; officials and employees of bodies regulating the activities of entities operating in the sphere of provision of energy services and of bodies exercising state supervision of energy; other persons who, under applicable legal acts, are not eligible to hold such positions, the Board Member undertakes to avoid such circumstances and, should they arise, to immediately inform the Board and the Company of their occurrence, and to immediately resign from the Board of the Company, and, from the time of their occurrence to the time of his or her resignation, to abstain from making any decisions that may give rise to a conflict of interests with his or her activities on the Board of the Company.
2. **Intellectual property**

The Parties agree that property rights and, to the extent not prohibited by applicable legal acts, moral rights in any intellectual or industrial property created by the Board Member during the term of this Agreement directly related to the Board Member’s activities under this Agreement, including copyright, trademarks, service marks, products and industrial design, as well as other items created during the performance of the Board Member's duties, shall fully, automatically, indefinitely and irrevocably become and remain the exclusive ownership of the Company, without any consideration whatsoever, and the Company shall be entitled to dispose of such items in its sole and absolute discretion, without payment of any additional remuneration to the Board Member.

1. **Remuneration for activities on the Board and compensation for expenses incurred**
   1. The remuneration for activities on the Board is paid only to members of the Board who meet the criteria set out in the Guidelines for determining the remuneration for activities on the bodies of companies of the EPSO-G UAB and the EPSO-G UAB group of companies (hereinafter – the Remuneration Guidelines). Remuneration is paid in accordance with the principles set out in the Remuneration Guidelines and the relevant resolution of the [sole shareholder / general meeting of shareholders] meeting of the Company setting the remuneration for service on the Board.
   2. The salary shall be paid once a month by the 10th day of the following month. If the Board Member resigns or is removed from office, or if the term of office of the Board Member expires before the end of the calendar month concerned, the remuneration shall be paid to the Board Member in proportion to the period of time during which the Board Member has held the office concerned.
   3. The remuneration paid to the Board Member shall include all taxes and contributions applicable to the Board Member as the beneficiary of the remuneration. All taxes and contributions payable by the Board Member (including those that may be imposed in the future) to the extent related with the remuneration received under this Agreement shall be calculated and paid by the Company and remitted by or on behalf of the Board Member to the authorities administering the relevant taxes and contributions, unless otherwise provided by applicable legal acts.
   4. If it is necessary to incur expenses in performing the functions of the Board Member that are reasonable from the Company’s point of view (including, but not limited to, travel, accommodation outside of the Company’s place of business, transport, meals during the trip, if necessary, reasonable expenses for external advisors, auditors, lawyers, etc.) related to the performance of the functions of the Board Member), the Company undertakes to bear directly or to reimburse to the member of the Board such reasonable expenses actually incurred, provided that such expenses have been previously discussed and agreed with the Company according to the procedure and deadlines set out by internal legal acts, on the basis of the documents submitted to substantiate such expenses.
   5. All payments under this Agreement shall be made by transfer to the Board Member’s bank account specified in Article 12.1 of the Agreement.
   6. If this Agreement is terminated on any grounds, the Company, subject to the terms and conditions set out in this section of this Agreement, must make the full settlement with the Board Member within 1 (one) month from the date of termination of this Agreement.
2. **Liability of the Parties to the Agreement and indemnification of losses**
   1. The Company undertakes to indemnify and hold the Board Member harmless against any loss or damage (including reasonable expenses for legal assistance) which may be incurred by the Board Member for any reason whatsoever in connection with the Board Member’s service on the Board, unless such loss or damage to the Board Member is caused by wilful misconduct or gross negligence of the Board Member.
   2. During the term of validity of this Agreement, the Company undertakes to insure the Board Member with the civil liability insurance for management bodies of legal persons.
   3. The Board Member undertakes to indemnify and hold the Company harmless against any loss or damage (including reasonable expenses for legal assistance) which may be incurred by the Company as a result of the Board Member’s breach of this Agreement and/or claims of third parties, including the Company’s shareholders, in connection with the Board Member’s activities on the Board or the results of those activities, where any such loss or damage to the Company is caused by wilful misconduct or gross negligence of the Board Member.
   4. If the Board Member breaches additional restrictions provided for in Article 7 of this Agreement, the Company shall also have the right to require the Board Member who has breached such restrictions to pay the fine of EUR 3,000 (three thousand euro) for each case of breach.
   5. Other contracts between the Board Member and the Company may provide for the duty of the Board Member to comply, by agreement of the Parties, with the obligations analogous to those set out in Article 7 of this Agreement, which shall survive the termination of this Agreement, subject to payment of the compensation in the amount to be agreed between the Parties.
3. **Right to information and confidentiality**
   1. The Board Member shall have the right to access all documents and information of the Company and its direct and/or indirect subsidiaries (other than such documents and information which relate directly and/or indirectly to the data of counterparties of the Company and its direct and/or indirect subsidiaries, documents and/or information obtained, learned or otherwise lawfully acquired for the Company and counterparties of its direct and/or indirect subsidiaries in accordance with the procedure established by law), which may, at the request of the Board Member, be structured according to such reasonable criteria as the Board Member may specify. If the Company does not have the requested documents or information from the Company’s direct and/or indirect subsidiaries, the Company undertakes to immediately take measures to obtain such documents and information, including by exercising the rights conferred by the shares held in its subsidiaries.
   2. Given that the Company will transfer confidential, commercial ( industrial) secret and other information to the Board Member for the performance of the Board Member’s activities, the Board Member undertakes not to disclose the Company’s commercial (industrial) secrets and confidential information, and to comply with requirements of internal legal acts of the Company providing for the rights and obligations of persons who possess / know confidential information or commercial (industrial) secrets in storing, transferring and destroying the information, and by virtue of this Agreement assumes confidentiality obligations as set out hereunder.
   3. For the purposes of this Agreement, sensitive information shall be any and all data and information which has the features specified in the Rules and is received by the Board Member from the Company and/or from the Group company or any person acting on behalf or in the interests of the Company and/or the Group company in any form (in writing, by email, by any other means of communication and orally) (hereinafter – the **Sensitive Information**). The Sensitive Information shall not include the following information: (i) the information which is or becomes public according to laws, regulations of the Republic of Lithuania; (ii) at the time of its submission is already available to the public or was otherwise available to the general public; or (iii) the Company notifies in writing that the information is not considered to be the Sensitive Information. If there are any doubts as to whether information is considered to be Sensitive Information, it must be treated as sensitive until the Company notifies that it is not Sensitive Information.
   4. Obligations of the Board Member:
      1. to keep the Sensitive Information confidential and to manage (prepare, store, transmit and destroy) Sensitive Information in accordance with the Rules and best practices for managing Sensitive Information;
      2. not to use the Sensitive Information in any manner which may cause damage to the Company;
      3. to inform the Company of any actual or impending unauthorised use or disclosure of Sensitive Information, or any other act that may constitute a breach of information security.
   5. The Board Member confirms that he or she is aware that certain Sensitive Information may also be considered as insider information within the meaning of legal acts regulating markets in financial instruments and is aware of the prohibition on using insider information for trading in financial instruments.
   6. The obligations of the Board Member regarding non-disclosure of Sensitive Information shall not apply when and to the extent that the Board Member is required by law or other legal acts to disclose the Sensitive Information to a competent state, municipal or other authority, institution, organisation or its representative, or to a court. If the Board Member is required to disclose any part of the Sensitive Information under the applicable legal acts, the Company shall be notified promptly in writing or by any other means of communication (email or other communication) before such disclosure is made.
   7. The Board Member is aware that the unauthorised use and disclosure of confidential information constituting a commercial (industrial) secret is subject to administrative and criminal liability.
   8. The Board Member who has unlawfully disclosed and used Sensitive Information must indemnify the Company against any loss caused to the Company.
   9. The confidentiality obligations shall enter into force upon signature of this Agreement and shall be of a continuing nature and shall remain in force for a period of ten (10) years after the termination of this Agreement, with the exception of the obligations relating to the protection of personal data, which shall remain in force for an indefinite period.
4. **Notifications and other information**
   1. All communications, applications, written requests or other documents under this Agreement (hereinafter – the **Notifications**) shall be sent to the following addresses:

**To the Company:**

[\_\_\_]

**To the Board Member:**

[name, surname]

[address]

[email]

Account no [\_\_\_]

* 1. All Notifications under this Agreement shall be deemed to have been duly served when delivered to the above addresses, including by email (if the Company's email address is given, only the Company's email address shall be used), or sent by registered or courier mail. Each Party shall notify the other Party of any change in its address, bank account or other particulars referred to in this Agreement not later than five (5) days after such change. If the Party fails to notify the change of address, the sending of the Notification to the last available address shall be deemed to be appropriate.

1. **Final provisions**
   1. This Agreement shall enter into force on the date of its signature and shall remain effective until the earliest of the following dates:
      1. the expiry of the Board Member’s term of office as a member of the Board of the Company; or
      2. the Board Member is recalled from the Company’s Board or the whole Board is recalled; or
      3. the Board Member resigns or is unable to continue in office; or
      4. The Board Member ceases to continue as a member of the Board on any other grounds.
   2. The provisions of the Agreement relating to the intellectual property, confidentiality, indemnification of losses, payment, applicable law and dispute resolution shall survive the termination of this Agreement.
   3. The Member of the Board undertakes, not later than the date of termination of the Agreement:
      1. to transfer to the Company all documents in paper form in his or her possession received while carrying out his or her activities (including, but not limited to, correspondence, notices, contracts, other documents, as well as computer disks, memory sticks and cards, computer software, and other optical or electronically readable media which the Company has transferred to him or her under the acceptance and transfer deed) and which constitute commercial secret and/or confidential information;
      2. to transfer to the Company all passwords of the Board (unless electronic passwords have been provided or such passwords have been transferred by other forms of electronic correspondence), keys, seals, credit cards, property owned or otherwise controlled by the Company, and other items which have been provided to the Board Member for possession and/or use in connection with his or her activities;
      3. to destroy, using special software, any information of the Company which is for internal use, confidential, constituting commercial (industrial) secret, stored on electronic media and devices during the period of holding the office of the Board Member.
   4. Any amendments or supplements to this Agreement shall be executed in writing and duly signed by both Parties.
   5. The law of the Republic of Lithuania shall apply to the interpretation and application of the terms and conditions of this Agreement and to the matters relating to its breach, validity or invalidity.
   6. All disputes, disagreements or claims arising out of or in connection with this Agreement, its breach, termination or validity shall be settled by way of negotiation. If the Parties are unable to settle the dispute peacefully within thirty (30) calendar days, the dispute shall be finally settled before Vilnius Court of Commercial Arbitration according to its Rules. The seat of the Court of Arbitration shall be Vilnius. The number of arbitrators of the Court of Arbitration shall be three. The language of the arbitration shall be Lithuanian.
   7. If any provision of this Agreement is or becomes invalid, in whole or in part, by reason of its conflict with applicable law or for any other reason, the remaining provisions of this Agreement shall remain in full force and effect. In that case, the Parties will negotiate in good faith and seek to replace the said wholly or partially invalid clause with another valid clause which, as far as possible, would allow achieving the same legal and economic effect as the provision of this Agreement which will be so replaced.
   8. Neither Party may assign their rights or obligations under this Agreement, unless otherwise provided in this Agreement.
   9. This Agreement is drawn in 2 (two) copies in the English language, one copy for each Party. If this Agreement is signed using a qualified electronic signature, only one copy of the Agreement needs to be signed.

**In witness whereof, the Parties have signed this Agreement on the above specified date:**

**For the Company: Board Member:**

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[\_\_\_] [\_\_\_]