

**ARTICLES OF ASSOCIATION
OF
SC KN ENERGIES**

I. GENERAL PROVISIONS

Article 1. Company

1.1. SC KN Energies (hereinafter referred to as the Company) is a private legal person with limited liability (as described in the Law on Companies of the Republic of Lithuania, hereinafter -the LoC) and according to its obligations, it is liable only with assets owned by the Company. In its activities the Company follows these Articles of Association (hereinafter – the Articles of Association), laws, European Union and international legal acts, as applicable, other legal acts applicable in the Republic of Lithuania, resolutions of the Government of Republic of Lithuania applicable to the State-Controlled Enterprises (as applicable). In its activities the Company shall follow the provisions of the Transparency Guidelines approved by the Government of the Republic of Lithuania. The Company in its activities also takes into account the Organisation for Economic Co-operation and Development (OECD) Guidelines on Corporate Governance of State-Owned Enterprises, The Corporate Governance Code for the Companies Listed on AB NASDAQ Vilnius (hereinafter – Corporate Governance Code).

1.2. The legal form of the Company - Stock Company.

1.3. The calendar year is considered to be the financial year of the Company which begins on the 1st of January and ends on the 31st of December of every year.

1.4. The Company has been established with perpetual duration.

1.5. The Company is also the parent company and, together with other directly and indirectly managed legal entities, forms a group of companies (hereinafter - the Group). In its activities, the Group is guided by the Corporate Governance Policy of the Company, the Expectation letter of the Ministry of Energy of the Republic of Lithuania, as the institution representing the controlling shareholder, regarding the state's goals and expectations, as well as other legal acts.

Article 2. The goals of the Company and the Object of its activities

2.1. The Company seeks to meet the expectations of the business and industry by providing it with essential energy resource and making it an important contribution to building a future based on sustainable energy. The principal goals of the Company are to ensure safe and reliable activity of the Liquefied natural gas (hereinafter – LNG) terminal until 2044, reliable and effective operation of LNG and liquid energy products terminals and good technical condition of the infrastructure. The Company must ensure the conditions for the long-term storage of the State's stocks of oil products. Furthermore, the Company's goals are expansion of international LNG terminals operations and maintenance services, expansion and diversification of activities in renewable energy area, rational usage of assets of the Company, provision of services to its clients and performance of other activities aiming at safeguarding interests of the Company and its shareholders; to seek to ensure proper return on the capital invested by the shareholders.

2.2. The Company's supervisory and management bodies should seek achievement of the objectives of the Company by observing the laws, other legal acts, these Articles of Association as well as the internal documents of the Company.

2.3. The Company's main activities are operation and management of terminals of liquid energy products, LNG. The Company performs commercial activities, providing loading, storage, mixing and other related services of liquid energy products, participates in the construction and management projects of LNG terminals and related infrastructure implemented in other countries - provides consultations, offers LNG terminals and/or related infrastructure management and maintenance services and invests in these projects. The Company may carry out other activities that are not prohibited by the laws of the Republic of Lithuania and do not conflict with the goals of its activity.

II. THE AUTHORIZED CAPITAL, SHARES AND RIGHTS OF SHAREHOLDERS

Article 3. Authorized capital

3.1. The authorized capital of the Company amounts to EUR 110 315 009,65 (one hundred and ten million three hundred and fifteen thousand nine euros sixty five cents). It is divided into 380 396 585 (three hundred and eighty million three hundred and ninety six thousand five hundred and eighty five) ordinary registered shares. The nominal value of one Company's ordinary registered share is equal to EUR 0,29 (twenty nine cents).

Article 4. Shares of the Company

4.1. All the shares issued by the Company are ordinary registered shares.

4.2. The shares of the Company are non-material shares. They are fixed by entries into personal securities accounts of the shareholders. The number of shares owned by a person and other relevant information as required by law shall be entered into the securities account.

Article 5. Rights conferred by shares. The procedure for submitting documents and other information to shareholders

5.1. The company's shareholders have property and non-property rights and obligations set out in laws, other legal acts and the Articles of Association.

5.2. All the bodies of the Company must act in such a way as to ensure appropriate conditions for the Company's shareholders to realize their rights.

5.3. The procedure for submitting documents and other information to shareholders is determined by the LoC.

III. BODIES AND GOVERNANCE OF THE COMPANY

Article 6. Bodies of the Company

6.1. The Company has the following bodies:

6.1.1. the General Shareholders' Meeting;

6.1.2. the Supervisory Council;

6.1.3. the Board;

6.1.4. Chief Executive Officer (Manager).

6.2. The Company's bodies make decisions independently and in accordance with the competence assigned by the legal acts in force in the Republic of Lithuania and the Articles of Association. The Company's bodies are fully responsible for their adopted decisions. When making decisions, the Company's bodies must follow the laws and other legal acts, Articles of Association, Corporate Governance Policy, act for the benefit of the Company and its shareholders, achieve the Company's and Group's operational goals, taking into account the good practice of sustainable business development in the environmental, social and management areas.

6.3. In cases when due to an insufficient number of members or for other reasons, any body or committee of the Company has no the opportunity to make decisions or recommendations assigned to its competence, such body or committee of the Company shall immediately, but no later than within 1 (one) month after the disappearance of the relevant circumstances, for which the Company's body or committee could not make decisions or recommendations, must consider and make the necessary decisions or recommendations on the issues assigned to its competence.

IV. GENERAL SHAREHOLDERS' MEETING

Article 7. General Shareholders' Meeting

7.1. The procedure and competence of convening the general meeting of shareholders, decision-making and competence do not differ from the procedure and competence of convening the general meeting of shareholders, decision-making and competence specified in the LoC, except for the additional competence of the general meeting of shareholders which is provided for in Article 7.2 of the Articles of Association.

7.2. The General Meeting of Shareholders shall also:

7.2.1. approve the Company's Corporate Governance Policy;

7.2.2. adopt other decisions foreseen in the Articles of Association regarding the approval or disapproval of the Board's or Manager's decisions;

7.2.3. elect and dismiss the members of the Company's audit committee (hereinafter referred to as the Audit Committee) or the Audit Committee, ensuring that the majority of the members of the Audit Committee are composed of independent members;

7.2.4. decide on terms of contracts with the members of the Audit Committee and the Chairman of the Audit Committee and determine the conditions for the protection of confidential information, appointing a person authorized to sign these agreements on behalf of the Company;

7.2.5. approve the regulations (by-laws) of the Audit Committee;

7.2.6. in cases specified in Article 10.2 of the Articles of Association, decide on the suspension or non-suspension of the members of the Supervisory Council and the adoption of decisions when these decisions are made in the event of a conflict of interests of the members of the Supervisory Council.

V. THE SUPERVISORY COUNCIL

Article 8. Formation of the Supervisory Council and term of office

8.1. The Supervisory Council consists of 3 (three) members including its Chairman, 2 (two) of which shall be independent 1 (one) member of the Supervisory Council must be civil a servant complying with the requirements set in the Law on the Management, Use and Disposal of State and Municipal Property of the Republic of Lithuania (hereinafter – Law on Property). All Supervisory Council members must not be employed in the Company.

8.2. The composition of the Supervisory Council and the independence of the members are established according to the criteria set in the Law on the Property, the LoC and the Corporate Governance Code as well as requirements of other applicable laws.

8.3. The Supervisory Council is elected by the General Shareholder's Meeting in accordance with the procedure set in the LoC. The Supervisory Council shall be elected for the period of 4 years. The Supervisory Council shall continue in office for a period laid down in the Article of Association or until a new Supervisory Council is elected but not longer than the date of the Annual General Shareholders' Meeting to be held during the final year of its term of office. A member of the Supervisory Council may not hold the position of a member of the Supervisory Council continuously for more than 2 (two) full terms of the Supervisory Council in a row and in any case may not hold the position of a member of the Supervisory Council continuously for more than 10 (ten) years in a row. As soon as the members of the Supervisory Council commence their activities they shall sign Confidentiality Agreements with the Company subject to the provisions established by the General Shareholders' Meeting.

8.4. The procedure for recalling and resigning members of the Supervisory Council does not differ from the procedure provided by the LoC.

Article 9. Status and powers of the Supervisory Council

9.1. The Supervisory Council is a collegial body supervising the activities of the Company.

9.2. The powers of the Supervisory Council do not differ from the ones established in the LoC, except these additional powers which are provided for in Article 9.3 of the Articles of Association.

9.3. The Supervisory Council shall also:

9.3.1. adopt decisions regarding setting the terms of contracts with the members of the Board and the Chairman of the Board referred to in Article 14.1 of these Articles of Association;

9.3.2. ensure an effective internal control system in the Company;

9.3.3. perform the supervision of the Company's internal control system functioning and risk management by giving consultations and recommendations to the Manager of the Company and the Board regarding internal control risks and improvement of activity processes, ensure the efficiency of the internal control system;

9.3.4. based on the recommendations of the Audit Committee and input from the Manager, decides on the appointment and dismissal of the head of the internal audit, on the approval of his/her duties, on the determination of the internal audit budget and resources necessary for the performance of the activities, approves annual internal audit plan and annual internal audit report;

9.3.5. approve the strategy execution plan provided to the State Coordination Center;

9.3.6. approve the selection procedure of collegial bodies, except Supervisory Council;

- 9.3.7. approve the Dividends Policy;
- 9.3.8. approve the Procedure for granting charity and support;
- 9.3.9. adopt decisions on the removal or non-removal of the Board and the adoption of decisions when decisions are made in the event of a conflict of interests of the members of the Board in cases specified in Article 14.3 of the Articles of Association.

Article 10. Adoption of decisions and procedure of work

10.1. The procedure of work of the Supervisory Council, rules on convocation of meetings and voting, and other procedural questions are regulated in the Rules of Procedure adopted by the Supervisory Council.

10.2. In case the Supervisory Council member refrains from the adoption of a decision due to his/her conflict of personal interests, and the Supervisory Council is not able to adopt a decision that relates to the personal interests of Supervisory Council member concerned, and required quorum for decision-making is not formed for voting on the matter in question, the relevant decision shall be made by the General Meeting of Shareholders.

Article 11. Committees

11.1. In order to increase work efficiency, the Supervisory Council may decide to establish committees entrusting them with a task to discuss and submit proposals to the Supervisory Council regarding issues attributed to the competence of respective committees.

11.2. Audit and Remuneration and Nomination Committees shall be established in the Company. Other committees may also be formed in the Company.

11.3. Committees are established by the decision of the Supervisory Council. Rules of performance of relevant committees approved by the Supervisory Council set forth working procedures, rights and duties of the members of the committees as well as measures for ensuring performance of the members of the committees. In accordance with Article 7.2 sub-articles 7.2.2.-7.2.4 of the Articles of Association, clauses of this Article do not apply to the Audit Committee.

11.4. Agreements regarding their activities in the relevant committee shall be concluded with the members of the committees. When appointing Committee members, it is ensured that more than half of the Committee members are independent members. The independence of Committee members is determined in accordance with the independence requirements and criteria established by legal acts.

VI. The Board

Article 12. Formation of the Board and term of office

12.1. The Board consists of 5 (five) members including its Chairman, at least 3 (three) of which shall be independent, their independency established according to the criteria set in the Law on Property and Companies' Governance Code, as well as other requirements set under applicable laws.

12.2. The Supervisory Council elects and removes the members of the Board. The Supervisory Council may remove from office the entire Board or its individual members before the expiry of their term of office. A member of the Board may resign from office prior to the expiry of his

term of office by giving a written notice thereof to the Company and the Supervisory Council at least 14 days in advance.

12.3. The members of the Board shall be elected for the period of 4 (four) years. The Board shall commence in office after the completion of the meeting of the Supervisory Council which elected the Board unless otherwise provided for by the imperative norms of the valid laws. As soon as the members of the Board are elected, they shall sign confidentiality agreements with the Company according to the provisions set by the Supervisory Council. The Board members who did not sign confidentiality agreements shall be forbidden to access the information of the convened Board meeting.

12.4. Members of the Board may perform other work or take other positions which can be compatible with their activities in the Board (including but not limited to managerial positions with other legal persons, work in state or statutory service,) only by giving an advance notice to the Board and the Supervisory Council.

Article 13. Status and powers of the Board

13.1. The Board shall report to the Supervisory Council and the General Shareholders' Meeting.

13.2. The powers of the Board shall neither be transferred nor delegated, except the cases indicated in Article 15 of the Articles of Association.

13.3. The powers of the Board do not differ from the ones established in the LoC, except for the additional powers set in Articles 13.4, 13.5, and 13.6 of the Articles of Association.

13.4. The Board shall also consider and approve:

13.4.1. the annual budget of the Company;

13.4.2. the document on the procedure for investing the funds of the Company;

13.4.3. the list of the Company's risks and its decrease remedies plan, the risk report, and the Risk Management Policy;

13.4.4. Company's annual activity goals;

13.4.5. the Environmental Protection and Social Responsibility Policy;

13.4.6. the Compliance Management Policy.

13.5. The Board shall also adopt:

13.5.1. decisions for the Company to become an incorporator or a member of other legal entities (except associations or any other union of legal entities) as well as decisions regarding the increase and reduction in the number of shares (share, parts) held by the Company, as well as other changes in the rights granted by these shares (shares, parts), regarding the approval of the main conditions of the share subscription contracts;

13.5.2. to transfer or mortgage the shares (parts, shares of stock) owned by the Company or the rights granted by them or other legal entities participant's rights to other persons (the approval of the General Shareholder's Meeting is required);

13.5.3. decisions regarding the transfer or mortgage of a company belonging to the Company as a property complex (the approval of the General Shareholder's Meeting is required);

- 13.5.4. decisions to realise the rights (including the right to vote at the meeting of members) of the Company as a member of other legal persons, if the respective legal person may be considered being controlled by the Company;
- 13.5.5. decisions to open branches and representative offices of the Company and terminate their activities, to appoint and recall Managers of the branches and representative offices of the Company;
- 13.5.6. decisions to engage the Company in new business activities or to discontinue any specific activity currently performed, unless a respective decision has been adopted when approving the performance strategy of the Company;
- 13.5.7. decisions on investment, transfer or lease the Company long-term assets the book value whereof exceeds EUR 3,000,000¹ (three million euros) (calculated separately for each type of transaction)
- 13.5.8. decisions on the pledge or mortgage of the Company assets the book value whereof exceeds EUR 3,000,000 (three million euros) (calculated for the total amount of transactions);
- 13.5.9. decisions to offer surety or guarantee for the discharge of obligations of third parties the amount whereof exceeds EUR 3,000,000 (three million euros);
- 13.5.10. decisions to acquire the long-term assets, as well as works or services directly related to investments into long-term assets or the very long-term assets, the price whereof exceeds EUR 3,000,000 (three million euros);
- 13.5.11. decisions to approve the main terms and conditions of the agreements on the provision of services by the Company, under which the expected annual turnover may amount to 1/20 of the authorized capital of the Company or the turnover in the preceding calendar year amounted to 1/20 of the authorized capital of the Company, and/or to approve the amendment of such main terms and conditions;
- 13.5.12. decisions to approve the main terms and conditions of the regulations for use of the Klaipeda liquefied natural gas terminal and/or to approve the amendment of such main terms and conditions;
- 13.5.13. decisions to approve conclusion of peaceful settlement agreements in court (arbitrage) disputes where the amount of claims made to or by the Company exceeds 1/50 of the authorized capital of the Company or when the claims under consideration will have a significant impact on the Company's operations, the implementation of strategy or the shareholder's letter of expectations, as well as initiation of such disputes;
- 13.5.14. decisions to approve the total annual bonus amount for the employees of the Company, as proposed by the Manager. The Manager's proposal shall be based on the activities performed and the results achieved by the Company in the respective year;
- 13.5.15. other decisions within the powers of the Board, prescribed in legal acts, the Articles of Association and internal regulations approved by the decisions and resolutions of the General Meeting of Shareholders, the Supervisory Council and the

¹ All prices and (or) values indicated in the Articles of Associations are evaluated excluding value added tax (VAT), if such is applicable.

Board, provided these regulations have been approved within the scope of powers of the Company's bodies approving them.

13.6. The Board shall also analyse and evaluate:

13.6.1. other information important for the Company's activities, submitted by the Manager.

13.6.2. the drafts of the Company's strategy and strategic activity plan prepared by the Manager and information about the implementation of the Company's strategy and together with the comments and suggestions submitted to the Supervisory Council.

13.7. If, according to these Articles of Association, the LoC or other legal acts, the decisions of the Board require the approval of the General Meeting of Shareholders, the decisions of the Board can only be implemented after receiving the approval of the General Meeting of Shareholders. The approval of the General Meeting of Shareholders does not eliminate the Board's responsibility for the decisions made.

Article 14. Adoption of decisions and procedure of work

14.1. Before commencement of the office duties of Board members and the Chairman of the Board, the Board member contracts have to be concluded with them, the conditions of which shall be established by the Supervisory Council. If the Board member or the Chairman of the Board is elected into the position of the Manager or is appointed as a Manager of the structural division of the Company, for such work an employment contract shall be concluded with him. In such case, the member of the Board or chairman of the Board must resign from his/her office.

14.2. The Rules of Procedure of the Board adopted by the Board implements the order on convening of the meetings and voting in them, as well as other procedural type of questions.

14.3. In case the Board member refrains from the adoption of a decision due to his/her conflict of personal interests, and the Board is not able to adopt a decision that relates to the personal interests of Board members concerned, and required quorum for decision-making is not formed for voting on the matter in question, the relevant decision shall be made by the Supervisory Council.

Article 15. Ensuring business continuity in the absence of the Board

15.1. In cases when there are (i.e. there are elected and performing their duties) no more than half of the number of members of the Board specified in the Articles of Association, or the Board is not elected at all, in order to ensure the continuity of the Company's activities and the timely adoption of necessary decisions, the Manager adopts decisions assigned to the competence of the Board established by the Articles of Association and the LoC, as far as this does not violate the requirements of mandatory legal acts. In cases foreseen in the Articles of Association, the Manager of the Company must apply to the General Meeting of Shareholders for approval of the relevant transactions.

15.2. When the questions assigned to the competence of the Board are adopted by the Manager in accordance with Article 15.1 of the Articles of Association, immediately after the Board is elected within the terms set by the legal acts, the Board must at the meeting consider all such decisions made during the relevant period and make decisions for the approval or amendment of such decisions, with exception of cases regarding the approval of Company's annual, interim report

(if the aim is to make a decision on the allocation of dividends for the period shorter than the financial year), as well as the setoff consolidated annual financial statements of the Group and the Company.

VII. MANAGER OF THE COMPANY

Article 16. Appointment of the Manager of the Company

16.1. The Manager of the Company - Chief Executive Officer (hereinafter – the Manager) shall be elected and removed from office by the Board which shall also fix his salary, approve his job description, and provide incentives. The Manager shall commence in his office after the election, unless otherwise provided for in the contract concluded with him. A person authorised by the body of the Company which elected the Manager or removed him from office must within 5 days notify the administrator of the Register of Legal Persons of the election or removal from office of Manager as well as the expiry of his contract for other reasons.

16.2. The Manager must be a natural person. A person may not be the Manager, if under the legal acts he is not entitled to hold the position.

16.3. The employment contract shall be concluded with the Manager. The term of the employment contract, the rules of the appointment of Manager for the second cadence are as set in the LoC.

16.4. The contract with the Manager shall be signed on behalf of the Company by the Chairman of the Board or by another member authorised by the Board. The contract on full material liability may be concluded with Manager of the Company. If the Company's body which elected the Manager adopts the decision to remove him from office, his employment contract shall be terminated. Employment disputes between Manager and the Company shall be settled by court.

Article 17. Status and powers of the Manager of the Company

17.1. The Manager of the Company - Chief Executive Officer is the sole management body of the Company.

17.2. The powers of the Manager do not differ from the ones established for the manager of the company in the LoC, except for additional powers set in the Article 17.3 of the Articles of Association.

17.3. The Manager shall also:

17.3.1. be responsible for drawing up a draft budget for the Company and ensuring achievement of the results stipulated in the approved budget;

17.3.2. approve minimal prices and tariffs of liquefied natural gas reloading station services;

17.3.3. approve of minimal prices and tariffs of petroleum product handling services.

17.3.4. responsible for financial Statements of the Company and Annual Consolidated Financial Statements of the Company preparation in accordance with International Financial Reporting Standards.

Article 18. Adoption of decisions and procedure of work

18.1. The work procedure of the Manager shall be set by his job description.

18.2. The Manager must keep confidential the commercial (industrial) secrets and confidential information of the Company which he learned while serving in this office.

18.3. The Manager has a right to resign from his duties by providing written notification to the Board, which no later than 15 days after the receipt of notification must take a decision to recall the Manager.

VIII. NOTICES

Article 19. Procedure of notification

19.1. Public information of the Company shall be disclosed as follows:

19.1.1. The Company shall disclose information on material events publicly in the Republic of Lithuania and all the other member states of the European Union as well as in the states belonging to the European economic area according to the procedure established by the Law on Securities;

19.1.2. the Company's public notices shall be published in a manner prescribed by the Government in the electronic publication published by the Register of Legal Entities;

19.1.3. in case every shareholder (or another person who shall receive corresponding information) must be notified individually, the notices shall be sent by registered mail or against acknowledgment of receipt thereof or in some other way allowed by the valid laws or otherwise;

19.1.4. in other cases the information shall be disclosed by means chosen by the Company in accordance with the procedure established by the requirements of the valid laws.

IX. FINAL PROVISIONS

Article 20. The governing law

20.1. The matters not considered in these Articles of Association shall be regulated by the legal acts of the Republic of Lithuania.

20.2. In case of discrepancy between these Articles of Association and the imperative norms of legal acts, the imperative norms of the legal acts shall prevail.

Article 21. Amendment of the Articles of Association

21.1. The procedure for amending the Articles of Association does not differ from the procedure established by the LoC. Articles of Association enter into force from the date of registration in the Register of Legal Entities of the Republic of Lithuania.