

## **GUIDELINES ON PROCEDURES FOR SELECTING CIVIL SERVANTS AND OTHER NOMINEES WHO ARE PROPOSED FOR VOTING IN THE ELECTION OF THE COLLEGIAL BODY OF A COMPANY CONTROLLED BY AB “IGNITIS GRUPĖ”**

### **1. PURPOSE AND SCOPE OF APPLICATION**

- 1.1. These Selection Guidelines regulate the procedures for selecting civil servants and other nominees, as they are defined in Article 23<sup>1</sup>(3) of the Law on the Management, Use and Disposal of State and Municipal Assets of the Republic of Lithuania (hereinafter referred to as other nominees), for the collegial bodies elected by the general meeting of shareholders of Directly or Indirectly Controlled Companies.
- 1.2. The Selection Guidelines have been approved in accordance with the provisions of paragraph 4.5 of the Description.
- 1.3. The provisions of the Selection Guidelines apply to Directly Controlled Companies whose shares carrying more than half of the votes at the general meeting of shareholders are held by the Parent Company and whose registered office is in the Republic of Lithuania. For Indirectly Controlled Companies with a registered office in the Republic of Lithuania, the provisions of the Selection Guidelines apply as stipulated in the Selection Guidelines or, if not stipulated, *mutatis mutandis* according to the “comply or explain” rule. For Indirectly Controlled Companies with a registered office outside the Republic of Lithuania, Annex 1 of the Selection Guidelines shall apply.

### **2. DEFINITIONS**

- 2.1. **Shareholder Representative** means a natural person selected by the shareholder of the Company who is proposed for voting at the general meeting of shareholders of a Directly or Indirectly controlled subsidiary in the election of a Collegial Body.
- 2.2. **Selection Description** means the description of the selection of candidates for a collegial supervisory or management body of a state or municipal enterprise, a state-owned or municipally owned company or its subsidiary, as approved by Resolution No. 631 of the Government of the Republic of Lithuania of 17 June 2015.
- 2.3. **Parent Company** means AB “Ignitis grupė”, legal entity code 301844044.
- 2.4. **Employee Representative** means a representative appointed or elected to a Collegial Body by the person(s) implementing employee representation at the employer level.
- 2.5. **Group** means the Parent Company and its subsidiaries (including lower-tier subsidiaries as well as subsidiaries with their registered offices abroad) in which the Parent Company directly and/or indirectly holds the majority of the votes or may directly or indirectly exercise a decisive influence, as defined in Article 5 of the Law on Companies of the Republic of Lithuania.
- 2.6. **Initiating Entity** means the Parent Company, when seeking to select civil servants or other nominees for the Collegial Body of its Directly Controlled Company; or a Directly Controlled Company, when seeking to select nominees for the Collegial Body of an Indirectly Controlled Company.
- 2.7. **Collegial Body** means a collegial supervisory or management body elected by the general meeting of shareholders of a Directly or Indirectly Controlled Company.
- 2.8. **Indirectly Controlled Company** means a lower-tier company of the Parent Company’s subsidiaries, whose shares carrying more than half of the votes at the general meeting of shareholders are held by a Directly Controlled Company.
- 2.9. **Directly Controlled Company** means a subsidiary of the Parent Company, whose shares carrying more than half of the votes at the general meeting of shareholders are held by the Parent Company and whose registered office is in the Republic of Lithuania.
- 2.10. **GCC** means Governance Coordination Centre, legal entity code 110068011.

### **3. GENERAL PROVISIONS**

- 3.1. The selection procedures are initiated by performing the actions specified in the Selection Guidelines and are administered in the Group's applicant tracking system. The selection procedures are carried out by an employee of the Group's Talent Acquisition functional area and, where applicable, by the Selection Committee.
  - 3.2. When selecting a Shareholder Representative and a Civil Servant, the standard selection procedures set out in the relevant section of these Selection Guidelines shall apply. The specific features of the selection procedure for a Shareholder Representative are set out in section 5 of these Selection Guidelines, and those for a Civil Servant are set out in section 7. When selecting an Employee Representative, the selection procedure set out in section 8 of these Selection Guidelines shall apply.
  - 3.3. Where, in accordance with applicable law or the articles of association, a Civil Servant or an Employee Representative must be a member of the Collegial Body, a selection commission shall be formed by a decision of the CEO of the Parent Company to carry out the selection procedures for the Collegial Body of the Directly Controlled Company, as indicated in Section 6 of these Selection Guidelines (hereinafter referred to as the Selection Commission).
  - 3.4. The selection procedures for the Collegial Body of an Indirectly Controlled Company shall be conducted as specified in Annex 1 of these Selection Guidelines.
  - 3.5. The Company shall initiate the selection procedure for a Shareholder Representative, a Civil Servant or an Employee Representative to the Collegial Body of a Directly Controlled Company no later than three months prior to the expiry of the term of office of the acting Collegial Body, or immediately upon a vacancy arising in the position of an individual member of the Collegial Body.
  - 3.6. Prior to initiating the selection procedure, the competence profile of the Collegial Body, including the areas of competence of the members of the Collegial Body, shall be presented to the Board of the Company and, where applicable, to the Nomination and Remuneration Committee of the Company's Supervisory Board.
- 4. STANDARD SELECTION PROCEDURES FOR A SHAREHOLDER REPRESENTATIVE AND A CIVIL SERVANT TO THE COLLEGIAL BODY OF A DIRECTLY CONTROLLED COMPANY**
- 4.1. The Company shall inform the GCC and the Directly Controlled Company of the initiated selection procedure for a Shareholder Representative, a Civil Servant and/or an Employee Representative (where applicable), by providing the areas of competence established for the members of the Collegial Body and the special requirements applicable to candidates for membership of the Collegial Body.
  - 4.2. Acting in accordance with the Description, the GCC and the Directly Controlled Company shall, within 7 calendar days from the date of receipt of information on the initiated selection procedure, submit to the Company proposals regarding the establishment of special requirements for candidates and the areas of competence whose specialists could best contribute to the implementation of the strategic objectives of the Directly Controlled Company.
  - 4.3. Within 7 calendar days from receipt of the proposals, the Company shall assess the proposals received from the GCC and the Directly Controlled Company, provided that such proposals were submitted within the time limit specified in paragraph 4.2 of these Selection Guidelines, and shall make a decision on the establishment of special requirements for candidates.
  - 4.4. Information on the ongoing selection procedure for a Shareholder Representative and a Civil Servant (where applicable) shall be published by the Company on its website within 5 calendar days from the date of establishment of the special requirements (paragraph 4.3 of these Selection Guidelines), and by the Directly Controlled Company on its website and in the electronic information publication issued by the manager of the Register of Legal Entities.
  - 4.5. The Company shall prepare the text of the selection announcement and submit it to the Directly Controlled Company. The announcement shall specify:

- 4.5.1. the legal form, name and legal entity code of the Directly Controlled Company, and the Initiating Entity;
- 4.5.2. information on the Collegial Body to which the selection is being conducted, the start and end of the term of office, the number of members of the Collegial Body, the persons delegating the members of the Collegial Body, the remuneration for the activities of a member of the Collegial Body, and a reference to where the candidate may ознакомиться with the draft agreement on the activities of a member of the Collegial Body;
- 4.5.3. a reference to the websites of the Company and the Directly Controlled Company where the letter of expectations and the strategy of the Directly Controlled Company or a summary thereof may be found;
- 4.5.4. the requirements applicable to candidates;
- 4.5.5. the list of mandatory documents to be submitted (including a curriculum vitae, consent to perform the duties of a member of the collegial body, and a declaration of interests);
- 4.5.6. the deadline and procedure for submission of applications;
- 4.5.7. a reference to information on selections published on the GCC website;
- 4.5.8. the position, name, surname, telephone number and email address of the person providing consultations on matters related to the acceptance of documents and the conduct of the selection procedure;
- 4.5.9. other relevant information.

Candidates shall submit their applications through the applicant tracking system specified in the announcement, by providing the required information and attaching copies of the documents specified in the announcement.

- 4.6. Applications from candidates shall be accepted for a period of 20 calendar days from the date of publication of the announcement of the selection procedures.
- 4.7. Upon expiry of the application submission deadline, the person carrying out the selection procedure may request candidates to clarify the documents submitted or to submit missing documents within 5 calendar days from the end of the application submission deadline.
- 4.8. A candidacy shall be rejected if the candidate does not meet the requirements specified in the announcement or, as provided for in paragraph 4.7 of these Selection Guidelines, has failed to submit or clarify the data necessary to verify the candidate's compliance with the requirements.
- 4.9. If all participants in the selection procedure are deemed unsuitable to perform the duties of a member of the Collegial Body, the employee of the Group's Talent Acquisition functional area carrying out the selection procedure or the Selection Commission, as applicable, shall inform the Company, the Directly Controlled Company and the GCC, and shall submit proposals regarding the repetition of the Selection Procedure and, where necessary, the amendment of the special requirements for candidates.
- 4.10. No later than the next business day following the adoption of the decision on the most suitable candidate for a specific position of a member of the Collegial Body, without disclosing the data of other candidates, all persons who participated in the selection procedures shall be informed of the decision taken in respect of them by email or other electronic means of communication.
- 4.11. The most suitable candidate for a specific position of a member of the Collegial Body shall be submitted for vetting, as set out in Section 9 of these Selection Guidelines.
- 4.12. The election of the Collegial Body or its members shall be carried out in accordance with applicable legislation, the articles of association of the Company and the relevant company, and the procedure set out in Section 10 of these Selection Guidelines.

## **5. SPECIFIC FEATURES OF THE SELECTION OF A SHAREHOLDER REPRESENTATIVE TO THE COLLEGIAL BODY OF A DIRECTLY CONTROLLED COMPANY**

- 5.1. Within 20 calendar days from the expiry of the application submission deadline, an employee of the Group's Talent Acquisition functional area shall assess the extent to which the

candidates who submitted applications comply with the requirements and advantages announced in advance (where applicable), and shall draw up a longlist of all candidates who meet the requirements, ranking them from the most suitable to perform the duties of a member of the Collegial Body of the relevant Directly Controlled Company.

5.2. The Board of the Company shall decide on the most suitable candidate – the Shareholder Representative – to the Collegial Body of a Directly Controlled Company and, in accordance with the Articles of Association of the Company, shall adopt decisions on the approval of candidates for membership of the management and/or supervisory bodies of Group companies, taking into account the opinion of the Supervisory Board of the Company, where such opinion is provided in accordance with the Articles of Association of the Company.

## 6. SELECTION COMMISSION

6.1. The Selection Commission for selecting a civil servant or an Employee Representative for the members of the Collegial Body of a Directly Controlled Company shall be formed by a decision of the CEO of the Company or his/her authorised person, as specified in Table 1 “Composition of the Selection Commission”.

Table 1. Composition of the Selection Commission

Category of Group Companies		Position	Composition of the Selection Commission
Directly Controlled Company	Company Important for Ensuring National Security <sup>1</sup>	Civil Servant, Employee Representative	3 members: - 2 delegated by the Parent Company - 1 delegated by the Ministry of Finance of the Republic of Lithuania (the institution exercising the rights of the Parent Company's majority shareholder)
	The Parent Company is the sole shareholder		3 members: - 3 delegated by the Parent Company
	The Parent Company is the majority shareholder <sup>2</sup> , and 1 minority shareholder		3 members: - 2 delegated by the Parent Company - 1 delegated by the minority shareholder
	The Parent Company is the majority shareholder, and 2 or more minority shareholders		At least 3 members delegated according to the provisions of the Shareholders' Agreement of the Directly Controlled Company
	The Parent Company is a minority shareholder		Not formed
	All Group companies		Shareholder representative
Indirectly Controlled Company	-		Not formed

6.2. When forming the Selection Commission, alternate members shall also be appointed who may replace members of the Selection Commission if they are unable to perform their duties or

<sup>1</sup> Company Important for Ensuring National Security – As defined by the Law on the Protection of Objects Critical for National Security of the Republic of Lithuania.

<sup>2</sup> Majority Shareholder – a shareholder that owns more than 50% of the company's shares.

have recused themselves. The Secretary of the Selection Commission (who is not a member of the Selection Commission) shall also be appointed to organise the work of the Selection Commission.

- 6.3. Members of the Selection Commission must have a higher (university) or equivalent education and must be familiar with the strategy of the Parent Company and the Directly Controlled Company for which members of the Collegial Body are being selected. They must also meet other requirements for selection commission members set forth in the Description. A Selection Commission member may not apply for positions in the Collegial Body of the Directly Controlled Company for which they are a member of the Selection Commission.
- 6.4. At its first meeting, the Selection Commission shall elect its Chair, who shall be responsible for ensuring the timely execution of the selection procedures and the Selection Commission's communication with the Parent Company, the Directly Controlled Company, and other stakeholders.
- 6.5. By a decision of the Selection Commission, experts may be invited to participate in the selection procedures and in the meetings of the Selection Commission. Experts cannot be candidates for any position in the Collegial Body of the Directly Controlled Company for which the selection procedures are being organised.
- 6.6. The meetings of the Selection Commission shall be documented in minutes. The Secretary of the Selection Commission shall be responsible for preparing the minutes.

## **7. PROCEDURES FOR SELECTING CIVIL SERVANTS FOR THE COLLEGIAL BODY OF A DIRECTLY CONTROLLED COMPANY**

- 7.1. Candidates' applications shall be evaluated and a decision on the winner of the selection for the positions of civil servant and Shareholder Representative shall be made within 20 calendar days after the application submission deadline:
  - 7.1.1. The Secretary of the Selection Commission shall, no later than the next business day after the end of the clarification period specified in paragraph 5.5 of the Selection Guidelines, forward all information about the candidates to the Selection Commission.
  - 7.1.2. Members of the Selection Commission shall, within 5 calendar days from the transmission of documents by the Secretary of the Selection Commission, review the information about the candidates, assess how the applicants meet the requirements, and consider their professional and/or work experience, professional and personal qualities, motivation, and suitability to contribute to the strategic objectives of the Directly Controlled Company and shall decide whether it is necessary to organise selection interviews with the candidates. If they decide not to organise selection interviews with the candidates, the Selection Commission shall make a decision on the winner of the selection and the second most suitable candidate for each position in the Collegial Body.
  - 7.1.3. If the Selection Commission decides to organise selection interviews with the candidates, these interviews must be conducted within 7 calendar days from the decision to organise them. The Secretary of the Selection Commission shall organise selection interviews. Once selection interviews for a position in the Collegial Body begin, the composition of the Selection Commission cannot be changed. A candidate participating in the interview must introduce themselves to the Selection Commission and present an identity document. During the interview, the Selection Commission shall assess how the candidate meets the requirements, the candidate's professional and/or work experience, professional and personal qualities, and suitability to contribute to the strategic objectives of the Directly Controlled Company. During the interview, the candidate answers questions posed by the members of the Selection Commission. After conducting selection interviews with the candidates, the Selection Commission shall, within 2 calendar days from the last interview with a candidate, make a decision on the winner of the selection and the second most suitable candidate for each position in the Collegial Body, having evaluated the suitability of each interviewed candidate for the role of a Collegial Body member.

- 8. PROCEDURE FOR THE SELECTION OF AN EMPLOYEE REPRESENTATIVE TO THE COLLEGIAL BODY OF A DIRECTLY CONTROLLED COMPANY**
- 8.1. If the Articles of Association of a Directly Controlled Company stipulate that an Employee Representative is elected to the Collegial Body, candidates for the Employee Representative position in the Collegial Body of the Directly Controlled Company shall be nominated by the person(s) implementing employee representation at the employer level in the Directly Controlled Company (hereinafter referred to as **Employee Representatives**), ensuring that candidates meet the requirements set for them.
- 8.2. The Parent Company shall inform the Directly Controlled Company about the initiation of the procedure for the selection of an Employee Representative, providing the defined competency area for the Collegial Body member and the requirements for candidates for the Employee Representative position.
- 8.3. The CEO of the Directly Controlled Company, for whose Collegial Body an Employee Representative is to be selected, shall, within 5 business days of receiving information about the initiated selection procedure, notify the Employee Representatives of their right to appoint a member to the Collegial Body and shall inform them that they have 20 business days to submit proposed candidates for the Employee Representative position in the Collegial Body and shall also provide the contact details of the responsible Secretary of the Selection Commission.
- 8.4. If the Employee Representatives in the Directly Controlled Company do not submit a proposal on candidates for the Employee Representative position within 20 business days or inform about the need for additional time, the Directly Controlled Company shall grant an additional 5 business days to the Employee Representatives.
- 8.5. The Employee Representatives may propose up to three candidates for the Employee Representative position in the Collegial Body, providing information on the proposed candidates' compliance with the requirements. This information shall be submitted to the Directly Controlled Company and the Secretary of the Selection Commission. The Secretary of the Selection Commission shall forward the information to the Selection Commission no later than the next business day after receiving the documents and information about the candidates.
- 8.6. Upon receiving information about the candidates for the Employee Representative position in the Collegial Body, the Selection Commission:
- 8.6.1. shall, within 5 calendar days from the transmission of documents by the Secretary of the Selection Commission, review the information about the candidates, assess how the candidates meet the requirements, consider their professional and/or work experience, professional and personal qualities, motivation, and suitability to contribute to the strategic objectives of the Directly Controlled Company, and shall decide whether to organise selection interviews with the candidates. If they decide not to organise selection interviews, the Selection Commission shall make a decision on the winner of the selection for the Employee Representative position in the Collegial Body of the Directly Controlled Company.
- 8.6.2. If the Selection Commission decides to organise selection interviews with the candidates, these interviews must be conducted within 7 calendar days of the decision to organise them. The Secretary of the Selection Commission shall organise selection interviews. Once selection interviews begin, the composition of the Selection Commission cannot be changed. A candidate participating in the interview must introduce themselves to the Selection Commission and present an identity document. During the interview, the Selection Commission shall assess how the candidate meets the requirements, the candidate's professional and/or work experience, professional and personal qualities, motivation, and suitability to contribute to the strategic objectives of the Directly Controlled Company. During the interview, the candidate answers questions posed by the members of the Selection Commission. After conducting selection interviews with the candidates, the Selection Commission shall, within 2 calendar days from the last interview with a candidate, make a

decision on the winner of the selection for the Employee Representative position in the Collegial Body of the Directly Controlled Company, having evaluated the suitability of each interviewed candidate for the role of a Collegial Body member.

- 8.7. If the Selection Commission finds all candidates who participated in the selection procedures for the Employee Representative position unsuitable for the role of a Collegial Body member, the Selection Commission shall inform the Parent Company, the Directly Controlled Company, and the Employee Representatives no later than the next business day after making the decision and shall also provide proposals regarding the repetition of the selection procedure and changes to the special requirements for candidates (if necessary).
- 8.8. No later than the next business day after making the decision on the order of winners for the Employee Representative position in the Collegial Body of the Directly Controlled Company, the Secretary of the Selection Commission shall inform, by email or other electronic means, all candidates who participated in the selection procedures about the Selection Commission's decision regarding them personally, without disclosing information about other candidates. The Secretary of the Selection Commission shall also inform the Employee Representatives about the Selection Commission's decision.
- 8.9. The candidate for the Employee Representative position in the Collegial Body of the Directly Controlled Company shall undergo a background check as specified in Section 7 of these Selection Guidelines.

## **9. CANDIDATE BACKGROUND CHECK**

- 9.1. By consenting that a decision may be taken to propose voting for them at the general meeting of shareholders of a Directly or Indirectly Controlled Company, candidates also consent that, prior to taking such decision, the Initiating Entity conducting the selection procedure shall have the right, by means of a reasoned written request, to apply to law enforcement, supervisory and other authorities, institutions or entities for the provision of information available about such persons.
- 9.2. The candidate who wins the selection shall be submitted for a background check to law enforcement, control and other institutions, agencies or companies, which shall provide any information they have about the candidate.
- 9.3. No later than the next business day after the decision on the winner of the selection is made, the candidate shall be contacted with a request to provide, within 7 calendar days, all information necessary to initiate the background check process.
- 9.4. If the candidate fails to provide the requested documents or if information received from law enforcement, control or other institutions, agencies or companies raises reasonable doubts about the candidate's suitability to serve as a member of the Collegial Body, or if the candidate declines to take on this role or fails to sign the agreement for the position before being appointed as a member of the Collegial Body, background check procedures shall be carried out for the second most suitable candidate, if one was selected. If the Selection Commission did not select the second most suitable candidate, the selection procedures for the Collegial Body member shall be repeated.
- 9.5. For the purposes of conducting the selection procedures, personal data is processed in accordance with Regulation (EU) 2016/679 of the European Parliament and the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation), and the Law on Legal Protection of Personal Data of the Republic of Lithuania, as well as other legal acts regulating the processing and protection of personal data. The submitted documents are stored in accordance with the procedures established by the Law on Documents and Archives of the Republic of Lithuania and the Chief Archivist of Lithuania.

## **10. ELECTION OF COLLEGIAL BODY MEMBERS**

- 10.1. After candidates' background checks have been completed and no information has been received that raises reasonable doubts about the candidates' suitability for the role of Collegial Body member, the candidacies shall be submitted to the Parent Company's collegial bodies for approval.
- 10.2. Parent Company must inform the Directly Controlled Company, the GCC, and the individuals elected to the Collegial Body by email or other electronic means no later than the next business day following the general meeting of shareholders of the Directly Controlled Company at which the decision to elect Collegial Body members was made.
- 10.3. The elected Collegial Body member must contact the Directly Controlled Company to arrange and sign the agreement between the Directly Controlled Company and the Collegial Body member regarding the role of a Collegial Body member within 5 business days from the day of receiving an email notification about their appointment or election. If the agreement is not signed within the specified timeframe, a decision shall be made or initiated to revoke the Collegial Body member's appointment.
- 10.4. The Initiating Entity shall inform the individuals elected to the Collegial Body, via email or other electronic means, no later than the next business day following the general meeting of shareholders of the Indirectly Controlled Company at which the decision to elect members of the Collegial Body of the Indirectly Controlled Company was made.

## **11. FINAL PROVISIONS**

- 11.1. The Head of Group Talent Acquisition functional area shall be responsible for the implementation and oversight of the Selection Guidelines within the Group. The CEO of the Parent Company or a Directly Controlled Company, or their authorised persons, shall be responsible for ensuring compliance with the requirements of the Selection Guidelines during the candidate selection process.
- 11.2. The Selection Guidelines, excluding the annex, are made public on the Parent Company's website.

## **12. ANNEX**

Annex 1. Procedures for Selecting Candidates for the Collegial Bodies of Indirectly Controlled Companies.

## **13. RELATED LEGAL ACTS**

[Law on the Management, Use and Disposal of State and Municipal Assets of the Republic of Lithuania.](#)

[Resolution of the Government of the Republic of Lithuania No. 631 of 17 June 2015 "On the Approval of the Description of the Selection of Candidates for a Collegial Supervisory or Management Body of a State or Municipal Enterprise, a State-Owned or Municipally Owned Company or its Subsidiary".](#)