

INFORMATION ON COMPLIANCE WITH TRANSPARENCY GUIDELINES

EPSO-G group of companies complies with the Resolution No 1052 of the Government of the Republic of Lithuania as of 14 July 2010 on the Approval of the Description of the Guidelines for Ensuring the Transparency of State-Owned Enterprise Activities (hereinafter – the Transparency Guidelines). The Transparency Guidelines are subject to mandatory application by EPSO-G UAB, as EPSO-G UAB is a state-owned enterprise (hereinafter – SOE). To implement the compliance with the Transparency Guidelines in EPSO-G UAB group of companies, the policy of transparency and communication of the activities of EPSO-G UAB group of companies was adopted at the Group's level with a detailed regard to requirements set out in the Transparency Guidelines and their established application for the companies of EPSO-G UAB group of companies.

The implementation of the Transparency Guidelines by EPSO-G UAB is materially ensured through information disclosable in the annual report and ant the disclosure of the information on EPSO-G UAB website aiming to submit the information for stakeholders in an accessible and understandable format.

Structured information on the implementation of the Transparency Guidelines by EPSO-G UAB:

I. Transparency Guidelines	
Information subject to publication on the website:	
- Objectives and tasks of the Company set by the Ministry of Energy;	In progress
- Financial results;	In progress
- Performance results;	In progress
- Current number of employees;	In progress
- Annual wage fund;	In progress
- Monthly salary of executives and their deputies;	In progress
- Purchases and investments completed in the financial year, still in progress and planned;	In progress
- Information published on the website before April 30 on special responsibilities still in progress, annual financial statements reports issued by an independent auditor.	In progress
Other requirements subject to publication / implementation in the annual report and the set of financial statements:	
- The accounting shall be administered according to the International Financial Reporting Standards.	In progress
- The set of annual financial statements shall be audited in conformity with international auditing standards.	In progress
- The annual report shall be published on the website before April 30.	In progress
- The annual report of the Company shall include:	
- Operational strategy and objectives (financial and non-financial), in case it is not a commercial secret of SOE (if SOE's operational strategy and objectives contain information treated as a commercial secret, a shortened version of the operational strategy and objectives excluding this information is specified (submitted);	In progress
- Compliance of the achieved operational results with the operational objectives of SOE;	In progress
- Major events of the reporting period essential for the activities of SOE ;	In progress
- Information on the market of the rendered services or manufactured production, in case it is not a commercial secret of SOE;	In progress
- Major clients and their major groups, in case it is not SOE's commercial secret. SOE discloses the segment information, the major clients shall be listed according to separate segments;	In progress
- Investments of the reporting period, the largest investment projects being performed or planned;	In progress
- The general annual wage fund, the average monthly salary according to a position and (or) departments;	In progress
- Social, environment protection initiatives and policy in progress;	In progress
- Information on the compliance with the provisions of the Transparency Guidelines: the way they are being implemented, the provisions that are failed to be complied with and reasoning are indicted;	In progress

- Major financial criteria describing the activity (profitability, liquidity, efficiency of the assets use), their fluctuation within 3 years;	In progress
- Management bodies;	In progress
- Information on the performed audit of the annual financial statements (the auditing entity, remuneration for the auditing);	In progress
- Other important information emerged before the publication date of the annual report affecting the activities of the state-owned enterprise;	In progress
- Information and statements subject to disclosure by listed companies in accordance with of the Law on Financial Reporting of the Republic of Lithuania and the Corporate Governance Code for the Companies Listed on NASDAQ Vilnius in the annual report;	In progress
- Dividend policy;	In progress
- Information on the implementation of the operational strategy and objectives (financial and non-financial).	In progress
The Ministry of Energy together with the annual report shall be submitted the following:	
- Information on last year's salaries of the executives of the Company,	In progress
- Assessment indicators of the performance results applicable for the establishment of a variable component of the monthly salary of the executives, performance of these indicators, the variable component of the monthly salary established for the executives (in euros and a fixed component of the monthly salary established for the executives, %) and paid out variable component of the monthly salary (in euros and a fixed component of the monthly salary established for the executives, %).	In progress
Interim report	
- 1 st and 2 nd category state-owned enterprises shall draw up an interim report for six months, which shall be published on their websites before August 31. The interim report briefly presents the most important information on the indicators describing the operations of the state-owned enterprise and their changes in comparison with the last periods.	In progress
- A set of interim financial statements for the six months, published on the website before August 31, shall be drawn up.	In progress

Article 10 of the Transparency Guidelines provides that SOE shall follow the provisions of the Corporate Governance Code for the Companies Listed on NASDAQ OMX Vilnius (hereinafter – the Code of Governance)¹ regarding the disclosure of information, other provisions detailing the principles set out in the Code of Governance with regard to public disclosure of information. With regard to the above, we hereby provide the structured information on the information disclosure requirements set out in the Code of Governance.

I. The implementation of the requirements of the Code of Governance regarding the information disclosure	
The Company's governance system should ensure that the information on all substantial Company's issues, including the financial situation, operations and the Company's governance, be disclosed in a timely and accurate manner.	In progress
Information should be disclosed in a way that the shareholders or investors are not discriminated with regard to the method of receipt of information as well as its extent. The information should be disclosable for all and simultaneously.	In progress, except for the provisions that are irrelevant as EPSO-G UAB has the sole shareholder.
In case the auditing company was remunerated by the Company for non-audit services, the Company should disclose the fact publicly. This information should also be available for disposition of the Company's Supervisory Board, and in case it is not formed in the Company – for the disposition of the Board of the Company when considering the suggestion of the candidacy of an auditing company for the General Meeting of Shareholders.	In progress
Without prejudice to the Company's confidential information and commercial secrecy procedures, as well as the requirements of the legislation governing the processing of personal data, the Company's public disclosures should include, but should not be limited to:	In progress
- The Company activities and financial results;	In progress
- Objectives of the Company activities and non-financial information;	In progress
- Persons owning or holding a block of shares or directly and / or indirectly and / or together with the related persons controlling it, and the structure of the group of companies and their interrelationship by indicating the final beneficiary;	In progress

¹ On 15 January 2019, Nasdaq Vilnius AB at the Board Meeting, the Minutes No 19-63, approved "The Corporate Governance Code for the Companies Listed on NASDAQ Vilnius"

<p>- Members of the Company's supervisory and management bodies, who are considered to be independent, the head of the Company, their owned shares or votes in the Company and their participation in the management of other companies, their competence, remuneration.</p> <p>When disclosing the above information, we recommend providing information about the professional experience, qualifications and potential conflicts of interest of the members of the Company's supervisory and management bodies, the head of the Company that could affect their decisions. It is also recommended to disclose the remuneration received from the Company or other income of the members of the Company's supervisory and management bodies, the head of the Company, as it is regulated in more detail in Principle 7 of the Code of Governance.</p>	In progress
- Reports by the existing committees on their composition, the number of meetings and member attendance at meetings in the previous year, as well as on the lines of their main activities and performance results;	In progress
- Potentially foreseen risk factors, the Company's risk management and supervision policy;	In progress
- The Company's transactions with related parties;	In progress
- Key issues related to employees and other stakeholders (for example, human resources policy, employee involvement in the Company's governance, promotion using the Company shares or stock options, relationships with creditors, suppliers, local community etc.);	In progress
- The Company's governance structure and strategy;	In progress
- Social responsibility policy, anti-corruption initiatives and tools, important ongoing or planned investment projects.	In progress
<p>It is recommended that the documents prepared for the General Meeting of Shareholders be published in advance not only in Lithuanian, but also in English and / or other foreign languages. It is also recommended to publicly publish the minutes of the General Meeting of Shareholders after its signing and (or) the decisions made not only in Lithuanian but also in English and / or other foreign languages. It is recommended that this information be published on the Company's website.</p> <p>Publicly available documents may not be published in full scope if their publication could harm the Company or reveal the commercial secrets of the Company.</p>	Is not in progress, as EPSO-G has the sole shareholder aware of the decisions.
The remuneration policy published on the Company's website.	In progress
The Company should publish on the Company's website information on the implementation of the remuneration policy, which mainly should focus on the remuneration policies of collegial bodies and managers for the upcoming and, where appropriate, subsequent financial years. It should also review in what way the remuneration policy was being implemented in the previous financial year. The information of such nature should not contain information of commercial value. Special attention should be paid to the fundamental changes in the Company's remuneration policy as compared to the previous financial year.	In progress
<p>Publication of the Summary of the Governance Report of the Companies and in the Governance Report (structured table) on how the Company complies with the Code of Governance.</p> <p>In order to enable the Company to provide a portion of information about its governance in a free form and to highlight the most important issues, the Company in the Summary of the Governance Report of the Companies should provide essential information about the management procedures effectual in the Company (for example, this may include information on the joint management scheme, internal control and risk management systems, shareholders' rights, management and supervisory bodies and their committees, administration or other key issues related to the management of the Company).</p> <p>The Company should clearly, accurately and comprehensibly report in the Governance Report on the specific Corporate Governance Code recommendations it has deviated from, and in case of any deviation it should be clarified as it is set out in Part 2 of disclosure form of the compliance with the Corporate Governance Code for the Companies Listed on NASDAQ OMX Vilnius.</p>	In progress