

# **ARTICLES OF ASSOCIATION OF PUBLIC LIMITED LIABILITY COMPANY “VILNIAUS DEGTINĖ”**

## **I. GENERAL PROVISIONS**

- 1.1. “VILNIAUS DEGTINĖ” (hereinafter referred to as the Company) is a private legal entity with limited civil liability. It is responsible under its liabilities only to the extent of its property. The shareholders are responsible under Company’s liabilities to the extent of the amount to be paid in for the subscribed shares. The Company is not responsible for obligations of its shareholders.
- 1.2. The Company is acting in accordance with Law of the Republic of Lithuania, other legal instruments and the present Articles of Association.
- 1.3. Full name of the Company is – Akcinė bendrovė “VILNIAUS DEGTINĖ”, abbreviated name – AB “VILNIAUS DEGTINĖ”.
- 1.4. The Company shall have an account with a bank registered in the Republic of Lithuania and a corporate seal.
- 1.5. The financial year of the Company is calendar year.
- 1.6. The Company has been established for an indefinite period of time.

## **II. OBJECTIVES OF THE COMPANY’S ACTIVITIES AND THE NATURE OF ITS ECONOMIC ACTIVITIES**

- 2.1. The Company has been established in order to use the Company’s property and other resources rationally, developing economic-commercial activities effectively and efficiently, striving for gaining profits.
- 2.2. The Company shall be engaged in the following economic-commercial activities (EVRK 2<sup>nd</sup> wording):
  - 2.2.1. 11.01 Distilling, rectifying and blending of spirits
  - 2.2.2. 11.04 Manufacture of other non-distilled fermented beverages
  - 2.2.3. 46.34 Wholesale of beverages
- 2.3. The Company may be engaged in any activities that do not contradict the Law of the Republic of Lithuania.
- 2.4. The Company can carry out activities, which are licensed or can be carried out in accordance with the established procedures, only having obtained the necessary licenses or permits in accordance with the procedure set forth in legal instruments of the Republic of Lithuania.

## **III. RIGHTS AND DUTIES OF THE COMPANY**

- 3.1. The Company may hold and gain any and all civil rights and duties, other than those excepted in accordance with the laws of the Republic of Lithuania.

## **IV. AUTHORISED CAPITAL**

- 4.1. The authorised capital of the Company amounts to 7 078 444,99 EUR (seven million seventy eight thousand four hundred forty four 99).
- 4.2. The authorised capital of the Company is divided into 24,408,431 (twenty four million four hundred eight thousand four hundred thirty one) ordinary registered share. Par value of one share is 0,29 EUR (twenty nine euro cent).

## **V. THE RIGHTS GRANTED BY SHARES**

- 5.1. Shareholders of the Company have property and non-property rights set forth in the Company Law of the Republic of Lithuania and other laws and legal instruments.

5.2. Each fully paid-up share grants one vote to its owner at the General Shareholder Meeting.

## **VI. MANAGEMENT OF THE COMPANY**

6.1. The Company has the General Shareholder Meeting and a single-person management body – the General Manager. A collegial supervisory body – the Supervisory Board and a collegial management body – the Board are also formed in the Company.

6.2. In the Company's relations with other persons the General Manager shall act at his own discretion on behalf of the Company

## **VII. THE GENERAL SHAREHOLDERS MEETING**

7.1. The General Shareholders Meeting (hereinafter – the Meeting) is the supreme body of the Company. Persons who are shareholders of the Company at the end of the record date shall have the right to attend and vote at the General Meeting (at the adjourned General Shareholder Meeting as well). The record date of the public limited liability company shall be the fifth working day before the General Shareholder Meeting or the fifth working day before the adjourned General Shareholder Meeting.

7.2. The Meeting has the competence set forth in the Company Law of the Republic of Lithuania.

7.3. When adopting a resolution on the formation of allocation reserves, the Meeting must determine specific purposes of use, the extent and the procedure thereof.

## **VIII. THE PROCEDURE OF CONVOCAION OF THE GENERAL SHAREHOLDERS MEETING**

8.1. The procedure of convening the Meeting is set forth in the Company Law of the Republic of Lithuania.

8.2. The Board of the Company, the General Manager, the persons or authority which adopted the decision to convene the General Meeting shall present to the Company information and documents required for drawing up a notice of the General Shareholder Meeting. The notice on convocation of the Meeting must be announced in electronic journal which is designated for public announcement and issued by the legal persons registry according to rules set by the Government or delivered to each shareholder of the Company in person, against signed receipt, or sent by registered mail according to Law on Companies. In case of an adjourned Meeting, shareholders must be notified thereof in the same manner, no later than 5 days before the day of the Meeting. The Meeting may be convened on other terms than the specified above, if all shareholders entitled to vote or proxies thereof consent to that in written.

## **IX. THE PROCEDURE OF VOTING AT THE GENERAL SHAREHOLDERS MEETING**

9.1. The procedure of voting at the Meeting is set forth in the Company Law of the Republic of Lithuania.

9.2. Shareholders are entitled to vote in advance. After familiarizing with the agenda and draft resolutions, a shareholder entitled to vote may notify the Meeting of his/her will in advance, in writing (filling in the general ballot paper), voting “in favour” or “against” each resolution. Advanced bulletin-voting shall be recorded for the purposes of quorum at the Meeting and voting results. General voting bulletins of adjourned meetings are valid at repeated meetings. A shareholder, who has expressed his/her will in written in advance, is not entitled to vote at the Meeting.

9.3. The general ballot paper shall be deemed valid and may not be recalled if it meets the requirements laid down in laws and was received by the Company before the General Shareholder Meeting.

9.4. Resolutions may be passed at the Meeting by the ordinary majority of votes of participants of the Meeting, except the following cases:

- 9.4.1. Adopt a resolution which require 2/3 of the votes according to Law on Companies:
- 9.4.1.1. Adopt resolution to alter Articles of Association of the Company, except where the Company Law of the Republic of Lithuania provides otherwise;
  - 9.4.1.2. Adopt resolution to determine the type, class, number and minimum issuing price of the shares to be issued by the Company;
  - 9.4.1.3. Adopt resolution to convert the Company's shares of one class into shares of another class, approve the share conversion procedure;
  - 9.4.1.4. Adopt resolution on the appropriation of profit (loss)
  - 9.4.1.5. Adopt resolution on building up, drawing on, reduction or liquidation of the reserves;
  - 9.4.1.6. Adopt resolution to issue convertible debentures;
  - 9.4.1.7. Adopt resolution to increase the authorised capital;
  - 9.4.1.8. Adopt resolution to reduce the authorised capital, except where the laws provide otherwise;
  - 9.4.1.9. Adopt resolution on approving the conditions of reorganisation or division and reorganisation, or division of the Company;
  - 9.4.1.10. Adopt resolution on the transformation of the company;
  - 9.4.1.11. Adopt resolution on the restructuring of the company;
  - 9.4.1.12. Adopt resolution on the liquidation of the company and cancellation of company liquidation except where otherwise provided by the Company Law of the Republic of Lithuania;
  - 9.4.1.13. Adopt resolution regarding transfer, lease or mortgage of fixed assets, the value of which exceeds 1/20 of the Company's authorised capital, as well as resolutions regarding giving bail or guaranteeing execution of obligations of other entities, the extent of which exceeds 1/20 of the Company's authorised capital;
- 9.4.2. Adopt a resolution requiring  $\frac{3}{4}$  majority of the votes, such as to withdraw for all shareholders the pre-emption right in acquiring the Company's newly issued shares or convertible debentures of a specific issue.

## **X. THE SUPERVISORY BOARD**

- 10.1. The Supervisory Board is a collegial body supervising the activities of the Company, which is managed by its chairman.
- 10.2. The Supervisory Board consisting of 3 members shall be elected by the Meeting for the period of 4 years. The Chairman and the Deputy Chairman of the Supervisory Board shall be elected from the members thereof.
- 10.3. In the Supervisory Board election, each shareholder has the number of votes, which is equal to the number of his/her share votes multiplied by the number of the Board members to be elected. Shareholders may distribute those votes at his/her discretion – for the favour of one or more candidates. The candidates who receive most votes shall be elected. If the number of candidates who receive equal number of votes is higher than the number of vacancies in the Supervisory Board, repeated voting shall be organized, and then each shareholder shall vote for only one member of those with equal number of votes.
- 10.4. The Meeting may revoke the entire Supervisory Board or individual members thereof before the expiry of the term of office.
- 10.5. A member of the Supervisory Board may resign before the expiry of the term of his/her office by at least 14-day prior written notice to the Supervisory Board.
- 10.6. If a member of the Supervisory Board is revoked, resigns or ceases to act as such, and shareholders owning at least 1/10 of all votes in the Company contradict election of individual members of the Supervisory Board, the acting Supervisory Board shall be revoked and a new one shall be elected.
- 10.7. If individual members of the Supervisory Board are elected, they shall act as such till the end of the term of office of the existing Supervisory Board.

- 10.8. The Supervisory Board has the competence set forth in the Company Law of the Republic of Lithuania and the present Articles of Association.
- 10.9. The Supervisory Board shall analyse and evaluate the material and decision-based draft resolutions on the issues under the competence of the General Shareholder Meeting presented by the Board of the Company. In case of approval by the Supervisory Board, the Board shall propose the draft resolution to the General Shareholder Meeting.
- 10.10. The following decisions of the Board need to be approved by the Supervisory Board:
- 10.10.1. On establishment of subsidiaries and representative offices of the Company and termination of operation thereof;
  - 10.10.2. On acquisition of securities of other enterprises;
  - 10.10.3. On transfer, lease or mortgage of a part of fixed assets, as well as on giving bail and guaranteeing execution of obligation of other bodies;
  - 10.10.4. On acquisition of fixed assets, except financial assets, at the price exceeding 200 000 EUR (two hundred thousand euro);
  - 10.10.5. On reorganization or liquidation of branch companies;
  - 10.10.6. On taking loans.
- 10.11. The Supervisory Board shall at least once a quarter analyse and evaluate transactions of the Company that need no approval of the Supervisory Board.
- 10.12. Members of the Supervisory Board shall be notified on convocation of a meeting of the Supervisory Board by a letter delivered by fax or e-mail 3 days before the day of the meeting. The notice shall contain information on the date, time and place of the meeting, issues included in the agenda and draft resolutions on the issues included in the agenda.
- 10.13. Members of the Supervisory Board, in accordance with the Law, shall be responsible for concealing violations of economic activities of the Company, poor control of economic activities, if that results in the conditions for inobservance of the laws of the Republic of Lithuania or the Articles of Association of the Company by the Board or the Manager of the Company.

## **XI. THE BOARD**

- 11.1. The Board is a collegial management body acting under the leadership of the Chairman. The Chairman shall be elected from the members of the Board of Administration.
- 11.2. The Board consisting of 5 members shall be elected by the Supervisory Board for the period of 4 years. The number of terms of offices of an individual member is unlimited.
- 11.3. The Supervisory Board may revoke the Board of Administration or individual members thereof before expiry of the term of office.
- 11.4. A member of the Board may resign before the expiry of the term of his/her office by at least 14-day prior written notice to the Board.
- 11.5. The Board has the competence set forth in the Company Law of the Republic of Lithuania and the present Articles of Association
- 11.6. The Board also makes decisions on the following:
- 11.6.1. On establishment of subsidiaries and representative offices of the Company or termination of operation thereof and approves suggested candidates for the position of directors thereof;
  - 11.6.2. On acquisition of securities of other enterprises;
  - 11.6.3. On transfer, lease or mortgage of a part of fixed assets, as well as on giving bail and guaranteeing execution of obligation of other bodies;
  - 11.6.4. On acquisition of fixed assets, except financial assets, at the price exceeding 50 000 EUR (fifty thousand euro);
  - 11.6.5. On reorganization or liquidation of branch companies;
  - 11.6.6. On taking loans.
- 11.7. The Board analyses and evaluates the material on transactions of the Company provided by the Manager.
- 11.8. The Board also discussed and approves the following:

- 11.8.1. The procedure of representation of the Company in branch companies and other companies and private limited liability companies, in which the Company has any shares;
  - 11.8.2. The number and specific candidates for the position of proxies to represent the Company in branch companies and candidates to the positions in management bodies of branch companies of the Company;
  - 11.8.3. The list of commercial secrets of the Company;
  - 11.8.4. The Company's regulations of purchasing goods, works and services.
- 11.9. The Board shall also make decisions attributed by the Meeting to the competence of the Board.
- 11.10. The Board shall carry out its function for a period set forth in the Articles of Association or till a new Board is elected and qualified.
- 11.11. The Chairman and members of the Board must jointly indemnify the Company against any and all losses suffered due to decisions of the Board made through violation of Articles of Association of the Company or laws of the Republic of Lithuania. The persons, who have voted against such decision or were absent at the meeting during with the decision was made and have delivered a written remonstrance to the chairman of the meeting within 7 days after becoming or having to become aware of such decision shall be free from the obligation of indemnification of losses. Resignation or revocation of a member of the Board does not dismiss such member from the obligation to indemnify the losses suffered through his/her fault. A member of the Board may be dismissed from the obligation to indemnify the losses caused by him/her while he/she was acting as such, if he/she referred to the Company's documents and other information, provided that there was no reasonable basis to question the truthfulness thereof, or if he/she acted within the limits of normal industrial or economic risk. Disputes related to indemnification of losses shall be settled by the Court.

## **XII. THE GENERAL MANAGER**

- 12.1. The General Manager of the Company is a single-person management body of the Company.
- 12.2. The General Manager of the Company shall organise daily activities of the Company, hire and dismiss employees, conclude and terminate employment contracts with them, provide incentives and impose penalties.
- 12.3. The General Manager represents the Company in its relations with third persons, at the court and arbitrage. The manager is entitled to represent the Company since the day defined in his/her employment contract. The manager is entitled to issue letters of authorization for the performance of any and all functions that fall under his/her competence.
- 12.4. The General Manager may have one or more deputies. The deputies are not entitled to act independently on behalf of the Company and conclude transactions for and on behalf of the Company.
- 12.5. The General Manager shall be elected and revoked by the Board. Salary of the General Manager shall be discussed and approved by the Board.
- 12.6. Persons authorized by the General Manager in written may conclude transactions on behalf of the Company.
- 12.7. If the General Manager or his/her deputy, or any other person has concluded a transaction exceeding his/her competence, normal economic risk or executed other illegal actions, which resulted in damage to the Company (including non-gained profit) or in benefits, direct or indirect, to such person on the account of the Company or its shareholders, the Company and shareholder(s) of the Company is/are entitled to claim at the court indemnification of losses suffered due to such transaction or actions (including non-gained profit).

## **XIII. PROCEDURE OF ANNOUNCING NOTICES OF THE COMPANY**

- 13.1. The procedure of announcement of notices of the Company concerning convocation of the Meeting or adjourned Meeting is set forth in Clause 8.2. of the Articles of Association.

13.2. Resolution on reduction of the Company's authorised capital must be announced to each creditor of the Company against signed receipt or by registered mail. Furthermore, the decision to reduce the Company's authorised capital must be announced in the electronic journal which is designated for public announcement and issued by the legal persons registry according to rules set by the Government or to each shareholder of the Company personally against signed receipt or by registered mail.

13.3. In other cases that are not stated therein, when information shall be presented to creditors and/or shareholders of the Company, the information shall be announced in the electronic journal which is designated for public announcement and issued by the legal persons registry according to rules set by the Government, in accordance with the procedure set forth in the Law on Companies of the Republic of Lithuania. The information to each creditor and/or shareholder may also be announced personally, against signed receipt or by registered mail.

#### **XIV. PROCEDURE OF PRESENTING CORPORATE INFORMATION AND OTHER DOCUMENTS TO THE SHAREHOLDERS**

14.1. At the shareholder's written request, the Company shall within 7 days from the receipt of the request grant him/her access to information and/or submit to him/her copies of the following documents: Articles of Association of the Company, annual financial statements, annual reports of the Company, auditor's opinion and audit reports, minutes of the General Shareholder Meetings and other documents whereby the decisions of the General Shareholder Meeting, the Supervisory Board's recommendations and responses to the General Shareholder Meetings have been executed, the register of shareholders, the lists of Supervisory Board and Board members, and other documents of the Company that must be publicly accessible under the Law as well as minutes of the Supervisory Board and Board meetings or other documents whereby the decisions of the aforementioned Company bodies have been executed, unless the said documents contain commercial/industrial secret.

14.2. A shareholder or a group of shareholders who hold or control more than 1/2 of shares shall have the right to get acquainted with all documents of the Company, having provided the Company with a written pledge in the form prescribed by the Company to refrain from disclosing the commercial/industrial secret.

14.3. Commercial secret is any and all information (except the public information provided by the Law of the Republic of Lithuania), to which such status is granted upon the decision of the Board. A shareholder or his representative shall be responsible for disclosure of commercial secret in accordance with legal instruments.

14.4. Documents and other information of the Company shall be provided to its shareholders free of charge. Refusal to provide the documents asked for shall be formalized in written, if so requested by the shareholder. Disputes concerning a shareholder's right to get acquainted with information shall be settled by the Court.

14.5. At least 10 days before the Meeting, the shareholders shall be granted access to the documents available to the Company relating to the agenda of the Meeting, including draft decisions and the request filed to the Board or to the General Manager of the Company by the persons who initiated the convocation of the Meeting. If the shareholder requests so in writing, the General Manager of the Company shall within 3 days from the receipt of the written request deliver to him/her against his/her signed acknowledgement of receipt all draft decisions of the Meeting or shall send him/her the above drafts by a registered letter. A notice must be given with the draft decisions indicating on whose initiative they have been submitted. Where the person who has initiated the draft decision submitted its explanations, these must be attached to the draft decisions.

14.6. The Company shall send the general ballot papers by registered mail or deliver them against signed receipt to the shareholders who have requested that at least 10 days before the Meeting.

14.7. Every shareholder of the Company must be given access to all documents relating the reorganisation. At least 30 days before the Meeting, the agenda of which provides for the adoption of the decision to reorganise the Company. Upon request of a shareholder, the Company must submit copies of those documents free of charge.

**XV. SUBSIDIARIES AND REPRESENTATIVE OFFICES OF THE COMPANY**

15.1. The Company shall be entitled to establish subsidiaries and representative offices both in the Republic of Lithuania and in foreign countries. Subsidiary is not a legal person and it uses the name of the Company as a legal person. It shall act in accordance with the Articles of Association of the Company and the Statute of the subsidiary. The property of the subsidiary of the Company shall be accounted in the Company's balance sheet and in the separate balance sheet of the subsidiary.

15.2. The Company shall be responsible for obligations of its subsidiary or representative office by the entire property of the Company.

15.3. Subsidiaries and representative offices of the Company shall be established and their operation shall be terminated by the Board, having obtained the Supervisory Board's consent.

**XVI. PROCEDURE OF ALTERATION OF COMPANY INCORPORATION DOCUMENTS**

16.1. Any and all alterations of the Company's Articles of Association shall be executed by the General Shareholders Meeting's resolution adopted by 2/3 of the votes. Following the decision by the General Shareholder Meeting to amend the Articles of Association of the Company, the full text of the amended Articles of Association shall be drawn up and signed by the person authorised by the General Shareholder Meeting.

Articles of Association signed on \_\_\_\_th of \_\_\_\_\_, 2015

General Manager

Juozas Daunys