APPROVED

By decision of the Board

of Amber Grid AB

of 22 August 2017

(Minutes No 11 of 22/08/2017)

**AMBER GRID AB**

**SPONSORSHIP POLICY**

This sponsorship policy statement of Amber Grid AB (the ‘**Company**‘) has been formulated having regard to the objectives of EPSO–G UAB‘s Operating Strategy for 2017-2021, the objectives of the Company‘s Operating Strategy for 2017-2022, and sponsorship policy of EPSO–G UAB (the ‘**EPSO–G UAB** **Policy**‘), seeking to ensure that sponsorship by the Company is purposeful, public and transparent.

The Company may influence the quality of life of and the environment of communities by its strategic development activities and implementation of projects that are of vital economic importance for the State. Therefore, the Company is entitled to sponsor, from its profit, communities and/or regions in which the projects are implemented. Such sponsorship can be earmarked for the community‘s/region‘s needs related to education, culture, sport, social services, health care and other welfare areas. The Company may also sponsor students whose studies are directly related to the Company‘s activities. Furthermore, the Company encourages its employees’ voluntary unpaid involvement in activities of public or community significance, and may provide sponsorship on this basis.

1. **GENERAL PROVISIONS**
2. The Company‘s sponsorship policy (the ‘**Policy**‘) establishes the main principles of sponsorship, clear and transparent criteria for the selection of projects and activities for sponsorship, essential requirements for the transparency and publicity of sponsorship, and procedures for applying for sponsorship, consideration of applications and granting sponsorship funds.
3. The Policy shall apply to the Company, its management bodies and employees, and beneficiaries of sponsorship.
4. The Company seeks to ensure transparent and sustainable sponsorship in the implementation of projects that are of vital economic importance for society and the State and programmes provided for under its strategies (the ‘**Projects**‘).
5. By contributing to the attainment of public and community interest objectives, the Company encourages its employees to get involved in relevant voluntary unpaid activities.
6. **PRINCIPLES AND LINES OF SPONSORSHIP**
7. The underlying principles of sponsorship by the Company shall be as follows:
   1. **Compliance with operating objectives.** The process of evaluation of sponsorship applications and adoption of sponsorship decisions shall be aimed at ensuring that the funds are received by those beneficiaries whose purposes, duly specified and justified, are most in line with the Company‘s operating objectives and sponsorship criteria.
   2. **Transparency and impartiality.** The entire process of evaluation of sponsorship applications and adoption of sponsorship decisions shall be implemented according to the highest standards of transparency and impartiality. In cases where evaluation of the application leads, or can potentially lead, to a conflict of interests, the relevant person taking part in the evaluation process (i. e. the Company‘s employee appointed for this purpose and/or member of the Company‘s collegiate body participating in the decision-adoption process (the ‘**Employee**‘) shall withdraw from the evaluation of the application and the adoption of decision. Such withdrawal shall be recorded in the minutes of the meetings held for the consideration of the application.
   3. **Equality.** The same clear and understandable evaluation criteria shall be applied in the evaluation of all the applications received, and no discrimination shall be allowed. Decisions on sponsoring specific projects shall be well-founded.
   4. **Balance between confidentiality and publicity.** Both prior to and during the evaluation of an application, confidentially of the person applying for sponsorship (the ‘**Applicant**‘) and the data contained in the application shall be ensured, and such data shall only be used for evaluation purposes. After a positive decision on sponsorship is taken, detailed information on the sponsorship shall be published on the Company‘s website and by other methods as appropriate. Any collusion on confidentiality that restricts the publication of information on the sponsorship shall be prohibited.
   5. The share of the Company‘s profit allotted for sponsorship shall be determined on an annual basis, at a general meeting of shareholders of the Company; an appropriate reserve shall be formed based on the reporting year‘s profit and projects implemented by the Company. The share of profit allotted for sponsorship shall not exceed 1% (one percent) of the financial year‘s net profit and, in any case, shall not exceed EUR 50,000, with maximum 10% (ten percent) of this amount allotted to the activities referred to in Clause 6.4.
8. The Company shall sponsor activities which will benefit society, along the following lines:
   1. Developing cooperation with communities near which the Company carries out/implements its activities and projects;
   2. Educational activities – persons studying under university and other higher education programmes closely related to the Company‘s activities;
   3. Activities implementing the Company‘s projects;
   4. Supporting and joining activities in which the employees are voluntarily involved in order to contribute to the attainment of public/local community objectives.
9. The Company shall not sponsor the following activities and funds allotted by the Company as sponsorship shall not be used for such activities:
   1. Financing of political parties or political campaigns – neither directly nor indirectly (through other legal or natural persons);
   2. Payment of debt obligations that participants of political campaigns have incurred during such campaigns or which are related to such campaigns;
   3. Charity and support funds established by politicians or parties related thereto[[1]](#footnote-1);
   4. Legal persons who have failed to properly implement or have breached any sponsorship agreement concluded with any company of EPSO-G UAB Group (the **‘Group‘**), or with another sponsors, and this fact has been established. Prior to sponsoring, the Company shall verify that the beneficiary has not breached any sponsorship agreement with a company of the Group based on the information published by the latter;
   5. Activities that promote or are related to gambling/gaming, alcoholic drinks, tobacco or other intoxicating substances and any other activities that have or can have a negative societal impact.

**III. REQUIREMENTS FOR BENEFICIARIES AND SPONSOSHIP CRITERIA**

1. A beneficiary must meet the following requirements:
   1. The person shall comply with all the requirements laid down in the Republic of Lithuania Law on Charity and Sponsorship, other regulations and internal legal acts of the Company;
   2. The activities/projects of the person shall be in line with the Company‘s values and meet the requirements set out in Clause 6 above;
   3. The activities of the person shall contribute to the realisation of the Company‘s vision, mission, strategic lines and objectives specified in the Company’s strategy statement (except sponsorship of the activities referred to in Clause 6.4 above);
   4. Impeccable reputation[[2]](#footnote-2).
2. The Company shall allot sponsorship funds only on the basis of well-founded applications meeting the published sponsorship criteria stated in the EPSO-G UAB Policy and this Policy (the ‘**Application**‘). In evaluating the Application, the Company shall consider the following:
   1. The project to be sponsored:
      1. The project‘s compliance with provisions of Clause 6 above and the Company‘s strategy statement including the Company‘s vision, mission, strategic lines and objectives;
      2. The project‘s relevance to and sustainability for communities, establishing long-term cooperation relationships with communities, and overall benefit for the State;
      3. Clarity and feasibility of the stated targets and outputs, measurability of outputs, clear definition of implementation phases and setting of specific time limits.
   2. The Applicant:
      1. The Applicant‘s experience in successful implementation of similar projects;
      2. The Applicant’s capacity to implement the sponsorship project (availability of human resources and other resources);
      3. In case of an application for the funding of a student grant – the application will be evaluated based on academic performance and motivation;
      4. Publicly available information on the Applicant‘s reputation. The Applicant‘s reputation cannot be considered acceptable if public information about unlawful activities (criminal acts and offences) or activities in breach of universal moral principles of the Applicant or related persons (management, shareholders, partners, employees) is available.

**IV. APPLYING FOR SPONSORSHIP AND APPLICATIONS’ CONSIDERATION PROCEDURE**

10. In order to receive funding, the Applicant shall submit to the Company a completed recommended Application Form or an application in a free form, stating the details referred to in Clause 11 below. The recommended Application Form is published on the Company‘s website.

11. The completed Application Form or the application in a free form, submitted to the Company, shall state the following details:

11.1. Name of the Applicant, legal form, business ID and address of a legal entity;

11.2. Requested funding;

11.3. Information about the activity/project to be sponsored, specifying the objectives sought by the implementation of the activity/project and the implementation time limit.

12. The Company shall be entitled to request other information in order to verify that the funding requested by the Applicant meets the requirements laid down in this Policy and Lithuanian legal acts.

13. Upon receipt of the Application by the Company, the Application shall be considered by a sponsorship commission formed by the Company‘s Managing Director (the ‘**Commission**‘), which shall consider the Application, check whether all the requested details have been provided, request additional information or documents if necessary, and verify that the Application and the funding requested meet the requirements laid down in this Policy and Lithuanian legal acts.

14. Upon evaluation of the Application, the Commission shall submit, in accordance with Clause 15, the Application and a well-founded proposal for sponsoring/not sponsoring the Applicant, to the Company‘s Managing Director or the Board at the nearest Board meeting.

15. The Company‘s Managing Director shall be entitled to decide on sponsorship up to the amount of EUR 1,000 provided that the activities referred to in Clause 6.4 are to be sponsored. In all other cases the sponsorship decision shall rest with the Board of the Company. In case of sponsorship by decision of the Managing Director, the Board shall be informed about this by the Managing Director at the nearest Board meeting.

16. The Company shall sponsor an activity/project provided that the sponsorship meets the criteria laid down in the Republic of Lithuania Law on Charity and Sponsorship, the EPSO–G Policy, this Policy and other Lithuanian legal acts.

17. Upon taking of decision on sponsoring/not sponsoring an activity/project, the Employee shall notify this to the Applicant within 5 (five) working days.

**VI.** **SPONSORSHIP AGREEMENT AND SUPERVISIONS OVER THE USE OF FUNDS**

18. All sponsorship by the Company shall be documented in the form of sponsorship agreements to be signed by the Company‘s Managing Director or a person authorised by him.

19. The agreement with the beneficiary shall stipulate the procedures for the use of the funds, the obligation to use the funds solely for their intended purpose stated in the agreement, requirements for the provision, by the Applicant, of the information about implementation of the sponsored project (where the term of the project is longer than 12 calendar months) or about completion of the project (where the term of the project is shorter than 12 calendar months), and liability for improper use of the funds.

20. The beneficiary shall submit to the Company a financial report on the use of funds, implementation of the objectives of the sponsored activity/project, and the total amount of funding raised for the activity/project. The beneficiary shall also publish information about the use of the funds received from the Company as sponsorship on the company‘s website and/or social media or by other means of dissemination of information.

21. The Company shall furnish the Board with systematised information about sponsorship granted and the use of sponsorship funds no later than within 3 (three) months after the end of financial year or as requested by the Board.

22. The Company shall furnish supervisory authorities with information about its sponsorship activities according to a procedure prescribed by the Law on Charity and Sponsorship.

**VII. PUBLICITY**

23. The Company shall publish the following information on its website no later than within one month after the granting of sponsorship funds (or a part thereof):

23.1. Beneficiary/beneficiaries;

23.2. Purpose of sponsorship;

23.3. Amount of sponsorship funds;

23.4. Period of sponsorship.

24. The Company shall also publish:

24.1. Sponsorship procedures and persons responsible for consideration of the sponsorship applications;

24.2. The recommended Application Form;

25.3. Decisions on the granting of sponsorship funding;

25.4. Information about the use of the sponsorship funds, activities of the beneficiaries aimed at the implementation of the sponsored projects including but not limited to references to beneficiaries’ websites or other sources where information on specific projects is published.

**VIII.** **FINAL PROVISIONS**

26. This Policy shall be subject to amendments and/or additions and may be revoked by decision of the Board of the Company.

27. The Managing Director of the Company shall exercise supervision over compliance with the Policy.

28. Any violations or other inappropriate behaviour related to sponsorship shall be reported via email to v.bieliauskas@ambergrid.lt.

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1. According to Article 2(5) of the Republic of Lithuania Law on Coordination of Public and Private Interests in the Public Service (Official Gazette, 1997, No 67-1659), related parties include a spouse, co-habitant, partner where partnership has been registered according to a procvedure prescribed by law (the ‘partner‘) as well as their parents (foster parents), children (adopted children), brothers (foster brothers), sisters (foster sisters), grandparents, grandchildren, spouses, co-habitants and partners thereof. [↑](#footnote-ref-1)
2. *The notion is defined and the method of evaluation are described in Clause 9.2.4 of this Policy.* [↑](#footnote-ref-2)