

INTERNAL RULES OF KAUNAS FREE ECONOMIC ZONE

The following internal rules (**the Rules**) applicable within Kaunas Free Economic Zone (**the Zone**) shall cover every natural person, companies and organisations engaged in a legitimate activities within the Zone on contractual or other basis. Drafting and application of the Rules within the Zone shall be based on the Law on the Fundamentals of the Free Economic Zones of the Republic of Lithuania, the Law on Kaunas Free Economic Zone of the Republic of Lithuania, and the statute of Kaunas Free Economic Zone, as well as the right of Kauno laisvosios ekonominės zonos valdymo UAB, the Zone operator, to administer and manage the Zone.

Kauno laisvosios ekonominės zonos valdymo UAB hereby represents that the purpose of the same Rules is to coordinate the interests of the Zone and persons operating within the Zone, to meet the needs of the Zone Enterprises to the full extent, ensure smooth operations of the Zone and Zone Enterprises, bring new investment to the Zone, and ensure cooperation with the public.

1. TERMS

- 1.1. **Zone** shall mean Kaunas Free Economic Zone.
- 1.2. **Rules** shall mean internal rules applicable within the Zone.
- 1.3. **Zone Administration** shall mean managing director and/or other Management staff of UAB Kauno laisvosios ekonominės zonos valdymo.
- 1.4. **Management Company** shall mean Kauno laisvosios ekonominės zonos valdymo UAB.
- 1.5. **Development Company** shall mean UAB “Kauno LEZ infrastruktūra” or any other company appointed by the Management Company to build, develop and manage Zone infrastructure.
- 1.6. **Zone Enterprises** or **Zone Companys** shall include any enterprise which enters into the agreement on the sublease of the land within the Zone, agreement on activities within the Zone and/or other agreements with the Management Company where such enterprise acquires status of a Zone enterprise in accordance with such agreement and legal acts and operates within the Zone.

2. GENERAL PROVISIONS

- 2.1. The following Rules shall set out principles and conditions governing joint and organised activities of the Zone enterprises within the Zone.
- 2.2. The following Rules shall govern Zone management, establishment of Zone enterprises, features of their activities, determination of sublease of land and charges, as well as setting out of free territories and protection of the same.
- 2.3. Since activities and image of each Zone Enterprise is very important to operation, development and image of entire Zone, every Zone Enterprise shall ensure its activities, status of real property and conduct by staff members of Zone Enterprise meet the concept of the Zone and meets the requirements under laws of the Republic of Lithuania and the following Rules.
- 2.4. The following Rules shall be binding on the Zone Enterprises and their staff working within the Zone. The Zone Enterprise shall be required to introduce its staff working within the Zone to these Rules and shall ensure staff members follow the same Rules.
- 2.5. The Management Company shall be free to review the Rules and amend the same along with information provided to the Zone Enterprises within 5 (five) business days following approval or amendment of the Rules. The Management Company shall be free to issue individual instructions or regulations applicable to the Zone Enterprise(s) which shall ensure safety and order within the Zone under special circumstances.

3. ZONE MANAGEMENT AND ACTIVITIES WITHIN THE ZONE

- 3.1. The Management Company shall arrange economic activities within the Zone.
- 3.2. Management bodies of the Management Company shall include general meeting, a board and administration.
- 3.3. General meeting of the Management Company of the Zone shall be free to bring proposals to the Government and a public authority in charge of monitoring of the free economic zones concerning changes in the limits and status of the Zone.
- 3.4. The board of the Management Company (**the Board**) shall take decisions to issue a permit for activities of an economic entity within the Zone, set out procedure for calculation and payment of subrent of the land, set out other taxes payable by the Zone Enterprises and procedure of payment of the same, set out financial and other conditions on provision of services related to the land leased and provision of real property and mutual services, set out charges on the Zone Enterprises, take decisions on cooperation of funds and use of the same for common matters on development of the Zone infrastructure and environmental matters, establish service companies within the Zone, upon approval by the Customs Department under the Ministry of Finance of the Republic of Lithuania, declare certain parts of the territory of the Zone as free territories and establish boundaries of the same territories and shall further carry out any other functions provided by the legal acts and under the statute of the Zone.
- 3.5. The Zone Administration shall represent the Management Company, issue permits for operation within the Zone, sublease the land leased to the Zone Management Company and real property to the enterprises based in the Zone based on terms and conditions of sublease agreements as established by the Board, enter into agreements on activities conditions within the Zone, and other contracts and agreements, ensure protection of the boundaries of free territories, and ensure that relevant authorities can carry out their functions within the Zone, and be accountable to the Government of the Republic of Lithuania for the activities within the Zone.
- 3.6. Permits for activities within the Zone shall be issued in accordance with Chapter V of the statute of the Zone and the agreements signed by the Management Company and the Zone Enterprises, with immediate cooperation involving the Management Company and the Zone Enterprise. The Management Company shall issue a permit of activities within the Zone, suspend its effect and terminate the same permit under the statute of the Zone and agreements signed by the Zone Enterprises concerning terms and conditions of activities within the Zone.
- 3.7. Terms and conditions of the sublease of a land plot (a part of the same land plot) within the Zone shall be set out based on agreement by the Management Company and the Zone Enterprise.
- 3.8. An infrastructure agreement by the Development Company which has been, inter alia, established in the Zone for installation, development, and management of infrastructure, and for arrangement of installation, development, and management of infrastructure, and the Zone Enterprise shall set out the right to use common infrastructure situated within the Zone and conditions of the same use. Common use infrastructure of the Zone situated within the Zone may be built and developed by other persons setting out conditions of use of such infrastructure and where necessary those who enter into separate agreements with the Zone Enterprises on use of the Zone infrastructure.
- 3.9. The Management Company shall cooperate funding for common matters of the Zone and set out charges required to meet unexpected management cost of the Zone.

4. PECULIARITIES OF THE REGULATION OF ACTIVITIES OF THE ZONE ENTERPRISES

- 4.1. Zone Enterprises shall comply with the Law on the Fundamentals of the Free Economic Zones, the Law on Kaunas Free Economic Zone, the statute of the Zone, their own articles of association, and documents of incorporation, agreement on sublease of the state-owned land within the Zone, agreement on infrastructure with the Development Company, and agreement with the Management Company on conditions of activities within the Zone.
- 4.2. Activities of the Zone Enterprises may be suspended in cases and in the manner provided by the Law on the Fundamentals of the Free Economic Zones, the Law on Kaunas Free Economic Zone, the statute of the Zone, and the agreement on conditions of activities within the Zone.

- 4.3. Public authorities or inspectorates shall carry out their functions within the Zone in the manner prescribed by laws.
- 4.4. Zone Enterprise, seeking to obtain an approval on the part of the Management Company to pledge the right of sublease, shall, inter alia apply the Management Company in writing.

5. SECURITY, FIRE AND INDUSTRIAL SAFETY WITHIN THE ZONE

- 5.1. The Management Company shall arrange for protection of common Zone territories, territories not leased to Zone Enterprises and infrastructure of common use of the Zone as is transferred to the Management Company.
- 5.2. Zone Enterprises shall be responsible for, and arrange at their own costs, security of areas subleased by them within the Zone, and security of their own assets.
- 5.3. Zone Enterprise shall respect the instructions issued by the Zone Administration on general Zone safety, technical safety and other requirements to ensure safety of the Zone. In the event the Zone Enterprise relies on services by a security company, or such functions are conducted by staff of a Zone Enterprise, the Zone Enterprise shall be required to demonstrate that persons in charge of safety functions shall cooperate with the security service appointed in cooperation with the Management Company.
- 5.4. Zone Enterprises shall be responsible for compliance with fire safety, electricity, industrial safety, safety technique, and other safety rules within areas subleased, and in buildings they own and/or use.
- 5.5. Zone Enterprises shall be required to introduce their staff to the fire and industrial safety rules under laws of the Republic of Lithuania, and shall further ensure their staff members respect the same rules.

6. TRAFFIC OF VEHICLES WITHIN THE ZONE

- 6.1. Transport within the Zone shall be organised using traffic signs and other marks established within the Zone. The Zone Enterprises, their staff members, clients, suppliers or guests may use parking within specifically designated places in the subleased territory.
- 6.2. Zone Enterprises and their staff members, customers, suppliers or visitors shall be permitted to make a short stop or to park in specially designated places within the territory subleased by the Zone Enterprise only. Zone Enterprises, their staff members, customers, suppliers, or visitors shall not be permitted to stop, or park their vehicles on roads, streets or other areas of common use within the Zone, even in the absence of explicit signs prohibiting parking in designated areas.
- 6.3. Zone Enterprises shall ensure that delivery / removal of goods and other items required for the Zone Enterprises, and vehicles en-route to the Zone Enterprises do not block the movement of pedestrians and vehicles, to prevent any traffic congestion on the roads within the Zone.

7. ENVIRONMENTAL PROTECTION AND MANAGEMENT

- 7.1. Zone Enterprises shall be required to keep the area they sublease in order, collect any trash, and remove any objects causing disagreeable smell.
- 7.2. The Zone Enterprises shall be responsible and shall ensure, at its own cost, maintenance and management of the subleased areas within the Zone, and assets and other objects situated there, including, but not limited to, lawn mowing, snow removal, treatment of parking lots with sand/salt, repairs (both regular and major one) etc.
- 7.3. The Management Company shall exercise its discretion and organise and conduct maintenance, repair, cleaning and management of the territories of common use within the Zone.
- 7.4. Zone Enterprises shall be required to proceed with building, repairs and other activities within areas they sublease, as well as within buildings owned and/or used by the same enterprises so as to prevent any pollution or damage to the roads or other objects of common use, as well as adjacent lots of land, to prevent any obstacles to the activities of other Zone Enterprises, prevent breach to their interests and prevent any other inconveniences, as well as avoid any risk to assets, health or life of individuals.
- 7.5. Zone Enterprises shall be free to use common roads within the Zone in the manner provided herein, as long as it does not breach the interests of other Zone Enterprises, and does not lead to inconvenience to

the same. Storage of goods, materials, trash or other property of the Zone Enterprise within areas of common use, or on land not subleased to the Zone Enterprise shall be prohibited.

- 7.6. Zone Enterprises shall ensure its operation or omission does not lead to harmful chemical, toxic, flammable substances (or other substances toxic to the environment and the public) reaching the sewage systems within the Zone.
- 7.7. Dumping of construction or any other waste (and ground) in the area of common use of the Zone or area of the Zone not leased to the Zone Enterprises shall be strictly prohibited.
- 7.8. Unless a written permit is issued by the Management Company, any storage of the construction materials or other property owned by the Zone Enterprise (or third parties related to the same) in the area of common use of the Zone or area of the Zone not leased to the Zone Enterprises shall be strictly prohibited.
- 7.9. Any pollution of the area of common use of the Zone (including streets, pavements, lawn, etc.) or area of the Zone not leased to the Zone Enterprises by the Zone Enterprises shall be strictly prohibited (and any pollution shall be eliminated immediately).
- 7.10. Planting of trees, shrubs, hedges, flowers, or any other vegetation in the area of common use of the Zone shall be prohibited for the Zone Companies.
- 7.11. Unless a permit is issued, any digging in the area of common use of the Zone or area of the Zone not leased to the Zone Enterprises shall be prohibited.

8. MAINTENANCE OF ASSETS OF THE ZONE ENTERPRISES

- 8.1. Zone Enterprises shall be required to collect any trash found in the premises and plots of land they use and deliver the same to the designated place. Household waste shall be collected in containers for household waste only.
- 8.2. Zone Enterprises shall ensure regular and major repairs of its assets and its own costs, as well as repairs (both regular and major) of every building erected on the land plot subleased by the Zone Enterprise.
- 8.3. Zone Enterprises shall maintain, manage and repair its own assets so that its state does not lead to inconvenience or otherwise prevent operations of other Zone Enterprises, unhindered use of the common areas within the Zone, and does not cause any hazard to operations of the Zone Enterprises, or health, assets, and existence of the public.

9. PLACEMENT OF VISUAL INFORMATION AND ADVERTISING

- 9.1. The Management Company shall arrange for installation of advertising and information stands, pavilions or other visual information and advertising within the territories of common use of the Zone or territory of the Zone not subleased to the Zone Enterprises.
- 9.2. Zone Enterprises shall be free to set up advertising banners or other objects using buildings they own provided such advertising is coordinated with the Management Company and having secured a permit by municipality or public authorities in the manner prescribed by law.
- 9.3. Zone Enterprises shall be free to employ the trade mark and/or title of the Zone in its advertising materials or measures, regardless of their nature, in compliance with the conditions prescribed by the Zone Administration. The following title of the Zone shall be used: **Kaunas FEZ**.
- 9.4. Every Zone Enterprise shall be required to incorporate the Zone logo in their advertising measures related to the operations of Zone Enterprises within the Zone.
- 9.5. The Management Company shall be free to use the title of the Zone Enterprise and its logo for press release, on the website of the Zone and advertising material dedicated to the Zone.

10. TOWN PLANNING AND ARCHITECTURAL REQUIREMENTS

- 10.1. Architecture, environmental management, design and advertising elements, design of engineering and other infrastructure of the buildings and constructions with the area of the Zone shall be innovative and correspond to the concept of modern industrial architecture (both style-wise, and quality of solutions offered).
- 10.2. Positioning of buildings within a land plot shall follow rational rules, and take into account the street network, terrain,

and adjacent objects.

- 10.3. Zone Enterprises shall be required to coordinate solutions of environmental management (including lighting, retaining walls and other elements of vertical planning, zones with hard covers, green areas, design elements, and enclosures) along with exterior solutions, as planned in the design documents, with the Zone Administration.

11. SANCTIONS AND PENALTIES

- 11.1. In the event the Zone Enterprise (its staff, suppliers, contractors, or other related persons acting on behalf, or in the interests of, the Zone Enterprise) is in breach of the Rules, the Zone Administration shall have an option to impose the following measures on the Zone Enterprise:
- 11.1.1. make a verbal admonition;
- 11.1.2. issue a written warning including measures required on the part of the Zone Enterprise in order to eliminate any breaches, and their consequences;
- 11.1.3. require immediate termination of inadequate operations, claim damages and/or restitution of initial situation at expense of the Zone Enterprise.
- 11.2. The Zone Administration shall be entitled to impose the Zone Enterprise a penalty up to EUR 500 (five hundred euros) in case the Zone Enterprise fails to respond to the sanctions listed under clause 11.1.1.-11.1.3. and still fails to eliminate the breaches or repeatedly breaches the Rules. Such a penalty shall be payable by a Zone Enterprise to the Management Company within 5 (five) calendar days since receipt of relevant request issued by the Zone Administration.
- 11.3. For the purposes of due and mutual investigation of any breach to the Rules and delivery of respective decisions, each instance of a breach to the Rules shall be followed by a report detailing the nature and circumstances of specific breach, to be signed by both the Zone Enterprise and the Zone Administration. The Zone Enterprise shall be free to produce its comments in writing concerning nature and other circumstances related to the corresponding breach.
- 11.4. The Zone Administration shall monitor compliance and implementation of the Rules.

12. DISPUTE RESOLUTION

- 12.1. Disputes between economic entities on activities within the Zone may be resolved by a dispute commission. Dispute commission may be appointed on request of either party to the dispute. Each party to the dispute shall appoint a member to the dispute commission, while the third member shall be appointed by the Management Company. Members of the dispute commission shall be appointed for a term of 3 years. Composition of the dispute commission shall be approved by the Management Company. Regulations of the dispute commission shall govern appointment and removal of members of the dispute commission, other relevant issues, and procedure of operation and decision-making of the dispute commission. In the event dispute commission is set up, any dispute shall be resolved within 30 days following application to the Management Company. Where no dispute commission is appointed, or where such commission appointed fails to resolve a dispute within the time-limit, or where the parties to the dispute fail to comply with a decision delivered by the dispute commission, an interested party shall have an option to file a claim with a court seeking remedy.

13. CLOSING PROVISIONS

- 13.1. Zone Enterprises shall be free to offer comments and requests to the Zone Administration with reference to the Zone operation, administration of the same, safety, and improvement of the Zone administration.
- 13.2. These Rules are executed in the Lithuanian and English languages. In case of discrepancy between the Lithuanian and English text of these Rules, the Lithuanian text must prevail.

I am familiar and agree to comply with the above Rules:

/Position / Full name / signature of a representative of the Zone Enterprise/

Date: _____ 202_