

Principles of land use of Eesti Energia AS Group

Category	<i>Management Board decision: principles</i>
Scope	<i>Group</i>
Valid from	<i>date</i>
Related areas and governing documents	<i>The procurement procedure of Eesti Energia AS includes the following documents: 'Management Principles of Eesti Energia', 'Operations Procedure of Eesti Energia AS Group', 'Notification Procedure for Immovable Property Transactions', 'Procedure for Land Use Transactions', 'Leasing Principles of Eesti Energia AS Group', 'Planning Principles and Procedure'.</i>
Forms and information system solutions	<i>Unified Document Management System of Eesti Energia (EDHS)</i>
Owner	<i>Legal Department of Eesti Energia AS</i>

1. General information and purpose

1.1. This document defines the principles for the management of the use of land required for the economic activities of Eesti Energia AS (hereinafter EE) and its subsidiaries (hereinafter the group) as well as the principles for the acquisition, use, making available and transfer of land and the buildings and facilities permanently attached to the land (except rental premises).

1.2. The purpose of these principles of land use is:

- 1.2.1 to ensure the necessary right of use of land for the production, transport and transfer of energy from renewable sources, oil shale, oil, and other sources;
- 1.2.2 to ensure the use of land necessary for the production, transport and transfer of energy from renewable sources, oil shale, oil, and other sources in the most cost-effective way possible.

1.3. The implementation documents linked to the use of land are:

- 1.3.1. Procedure for Land Use Transactions;
- 1.3.2. Planning Principles and Procedure.

2. Definitions and abbreviations

Right of superficies – an immovable may be encumbered such that the person for whose benefit a right of superficies is constituted has a transferable and inheritable right for a specified term to own a construction permanently attached to the immovable. Only one right of superficies may be established on an immovable. In addition to the land under a construction, a right of superficies extends to the part of the immovable which is necessary for use of the construction (section 241 of the Law of Property Act).

Immovable – delimited part of land (plot of land) entered in the land register or state assets register as an independent unit, right of superficies, apartment ownership or right of superficies in apartments entered in the land register as an independent unit.

Essential parts of immovable – things permanently attached to the immovable, such as buildings, trees, bushes, etc. A construction erected with a real right on the land of another and which is permanently attached to the land, as well as objects attached to the land for a temporary purpose are not essential parts of the immovable. Utility networks and utility works which have been built on the immovable with real right or which are subject to the legal obligation to tolerate are not essential parts of the immovable. Upon termination of a real right, the building which remains on the immovable becomes an essential part of the immovable (section 54 of the General Part of the Civil Code Act).

Land – in the context of these principles, land includes both immovables and its essential parts individually and collectively.

Land use – use of the immovable on the basis of a right of ownership, obligation to tolerate, or other real right contract or contract under the law of obligations to the extent of the entire immovable, the protective zone of utility networks and/or utility works or any other extent provided for in the contract.

Renewable energy – an [energy resource](#) that is collected from renewable resources, which in this case are water, wind, sunlight, waves, tides, geothermal heat, landfill gas, sewage gas, biogas, and biomass.

3. General principles of land use

- 3.1. In the use of land, the group proceeds from the position that land is a finite resource. Land that is not used by the companies of the group for economic activities may not belong to the company in the long term, unless it relates to the long-term strategic goals of the company.
- 3.2. The use of land is based on the approach that land is used prudently in accordance with its intended use (incl. forest land, arable land, production land, etc.).
- 3.3. If the land which is not used for economic activities cannot be transferred, third parties should be permitted to use the land under agreement.
- 3.4. In the management of land use, the interests of the group as a whole must be taken into account, while also prioritising strategically important sites for the Estonian State.
- 3.5. The group acquires as little land as possible and as much as necessary for successful day-to-day business. Pricing is based on the average market price in the area. Agreements between parties regarding pricing are possible, unless they are detrimental to the interests of the group.
- 3.6. The current Code of Ethics must be followed during the course of negotiations on the acquisition and/or encumbrance of land and when concluding agreements; pressuring parties unethically is not allowed.
- 3.7. The business planning of the group's companies is based on the principle of achieving the most optimal solution in terms of both economics and land use.
- 3.8. The Land Service of the Legal Department of EE is responsible for initiating and conducting all operations, transactions and other necessary procedures related to the land owned and acquired by the companies of the group.

4. Land use and its finalisation

- 4.1. As a result of the law and differences in the economic activities of the group's companies, land is used on the basis of the right of ownership, the right of superficies or the right of use.
- 4.2. In the case of strategically important sites, priority is given to land use on the basis of the right of ownership or the right of superficies, and in the field of renewable energies, also on the basis of the right of use.
- 4.3. The Head of the Legal Department of Eesti Energia AS establishes the procedures, typical solutions and guidelines for the implementation of these principles.
- 4.4. In the case of economically important and/or complex cases of land use, they will be discussed in advance at work meetings in which interested parties will participate.
- 4.5. The Land Service of the Legal Department of EE coordinates and conducts the finalisation procedure for land use on the basis and within the scope of the notarised authorisation document.
- 4.6. The current operations procedure must be followed in finalising documents and contracts must be registered in EHDS.

5. Decision-making power in concluding contracts for land use

- 5.1. The power to decide on land use arises from the Articles of Association of the group's companies and their internal documents.