

## **GENERAL**

1. The present Regulations of the Formation and Activity of the Audit Committee of Invalda AB (hereinafter referred to as the Regulations) define the rights and duties, size, period of membership of the Audit Committee, requirements for education, professional experience of the Audit Committee members, principles of independence applied to the independent member of the Audit Committee, and other issues related to formation of the Audit Committee and work organization thereof.
2. The legal basis for the present Regulations is Article 52 of the Law on the Audit of the Republic of Lithuania also the Resolution of the Securities Commission of the Republic of Lithuania "On the Requirements for the Audit Committees". These rules apply to Invalda's subsidiaries whose financial statements are consolidated and which, in accordance with the paragraph 6 of the Article 52 of the Law on Audit of the Republic of Lithuania, do not comply with the requirement of an audit committee, if its parent company is registered in the Republic of Lithuania or a Member State and forms the Audit Committee (hereinafter - the Subsidiaries).
3. The Regulations should be approved and / or amended by the resolution of the General Shareholders Meeting of Invalda AB (hereinafter - the Company).

## **PROCEDURE OF THE FORMATION OF THE AUDIT COMMITTEE**

4. The Audit Committee should consist of 2 members, one of which is independent.
5. The members of the Audit Committee should be elected by the General Shareholders Meeting at the proposal of the Board of the Company.
6. The Audit Committee is elected for the 4 (four) years term of office.
7. Any member of the Audit Committee should have the right to resign upon submitting a 14 (fourteen) days written notice to the Board of the Company. When the Board of the Company receives the notice of resignation of a member of the Audit Committee and considers all circumstances related to the resignation, it may decide:
  - 7.1. either to convene an Extraordinary General Shareholders Meeting to elect new member of the Audit Committee;
  - 7.2. or to postpone the question on the election of the new member of the Audit Committee till the next General Shareholders Meeting of the Company.

The new member is elected till the end of term of office of the operating Audit Committee.

## **REQUIREMENTS FOR THE MEMBERS OF THE AUDIT COMMITTEE**

8. The members of the Audit Committee should be appointed (elected) in pursuance that the Audit Committee should, collectively, have a recent knowledge and relevant experience in the fields of audit and accounting, as it is required for the appropriate activity of the Company, considering its shares are admitted to trading in the Main List of the NASDAQ OMX Vilnius.
9. Independent persons with appropriate qualification should be persons with a university degree in economics. Other Audit Committee members with appropriate qualification should be persons with a university degree in economics or law.
10. Persons, who are not considered independent, with appropriate work experience should be persons with at least 3 (three) years of work experience in the field of finances, accounting or law. Independent person with appropriate experience should be persons with at least 3 (three) years of work experience in the field of accounting or audit.
11. Information and data confirming the qualification and experience of the person proposed as a member of the Audit Committee should be provided to the General Shareholders Meeting by the body or shareholder proposing to elect the person. If data about a member of the Audit Committee changes, this member no later than 10 days from the change of the data must inform in writing the Board of the Company. If due to some changes a





22. The right of initiative of convoking the meetings of the Audit Committee is held by both members of the Audit Committee. The other member of the Audit Committee should be informed about the convoked meeting, questions that will be discussed there and the suggested drafts of decisions not later than 3 (three) business days in advance in writing (by e-mail or fax).

23. The meetings of the Audit Committee should not be recorded, and the taken decisions should be signed by both members of the Committee. When both Audit Committee members vote in writing, the decision should be written down and signed by the secretary of the Audit Committee who should be appointed by the Board of the Company. The decision should be written down and signed within 7 (seven) days from the day of the meeting of the Audit Committee.

24. The Board of the Company and the Subsidiary should ensure:

24.1. the members of the Audit Committee should be properly introduced to the activities of the company, should be provided in particular with complete information relating to the company's specific accounting, financial and other operational features;

24.2. the Audit Committee should be informed of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. The Audit Committee should be furnished with complete information on particulars of accounting, financial and other operations of the company;

24.3. the Audit Committee should be provided with the premises for its operation, appointed secretary and granted other required expedients.

24.4. the Audit Committee should be informed of the work programme of internal auditors, and should receive internal audit report or a periodic summary, when the internal auditing function is started in the company;

24.5. the Audit Committee should be informed of the work programme of external auditors, and should obtain a report by the external auditor, describing all relationships between the independent auditor and the company and its group. The Audit Committee should obtain timely information about any issues arising from the audit;

24.6. the Audit Committee should be free to obtain advice and assistance from outside legal, accounting or other advisors as it deems necessary to carry out its duties, and should receive appropriate funding from the company to this effect.

25. The Audit Committee should have the right to invite the head of the company, member(s) of the Board, the chief financier, employees responsible for finance, accounting and treasury issues as well as external auditors to its meetings.

26. Members of the Audit Committee may receive remuneration for their work in the committee. The remuneration for the Audit Committee members is approved by the General Shareholders Meeting fixing the maximum hourly rate.