APPROVED by:
Decision No SPR-VL(LTG)-3/2025 of January, 14 2025 of the Board of AB Lietuvos Geležinkeliai

CORPORATE GOVERNANCE POLICY

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1. General Provisions

1.1. Corporate governance within LTG Group is to be regarded as the overall set of rules, principles, practices, and processes set and/or applied to the bodies of LTG Group companies with a view to governing and controlling the companies as part of LTG Group. The corporate governance practices of LTG Group are shaped by LTG Board and implemented by all bodies of LTG Group companies.

1.2. The Corporate Governance Policy (hereinafter – the Policy) has been prepared in accordance with the legislation of the Republic of Lithuania (hereinafter – the RoL), including the RoL and international instruments regulating best practices, standards, and principles of corporate governance.

1.3. The purpose of the Policy is to establish the general principles of formation of a governance structure and governing bodies, separation of functions, corporate governance, control, and transparency applicable across LTG Group, an optimal governance structure, decision-making and reporting system as well as relationships between the bodies of LTG Group companies.

1.4. Corporate governance of LTG Group is organized and conducted in accordance with this Policy and/or its particular provisions. The Policy applies to LTG Group companies the bodies whereof while acting within the scope of their powers observe the provisions of this Policy and aim to ensure that the governance of the respective companies is in line with the corporate governance principles and rules established in the Policy and other documents. Having regard to the nature and scope of activities carried out by a lower-level legal entity, the size of the company, the holders of shareholdings, legal status and form, jurisdiction that applies to the company, it is also recommended that the lower-level legal entities should comply with the provisions hereof.

1.5. As regards a company within LTG Corporate Group responsible for performing the functions of the public railway infrastructure manager the provisions of this Policy shall be effective and apply in so far they are not contrary to the legal acts regulating the requirements for impartiality of the management and financial transparency of the infrastructure manager, allocation of public railway infrastructure capacity, as well as the requirements for calculation and payment of the charge for the minimum access package.

1.6. The Policy is implemented within LTG Group through:

1.6.1. exercising LTG's shareholder rights over its subsidiaries;

1.6.2. determining the powers, composition and responsibilities of the governing bodies of LTG subsidiaries;

1.6.3. implementing other policies approved within LTG Group.

2. Terms

Term	Definition
Company	Public limited liability company (AB), private limited liability company (UAB), or public institution in which LTG is a participant.
Company Body	The General Meeting of Shareholders, the Board and Chief Executive Officer (General Manager, CEO).
Subsidiary	A legal entity directly controlled by LTG.
LTG	Public limited liability company Lietuvos Geležinkeliai.
LTG Group, Group	LTG, subsidiaries, and lower-level legal entities
Lower-level Legal Entity	A legal entity directly or indirectly controlled by LTG's subsidiary.
Governing Body	Company's Board and/or CEO.

Term	Definition
Center of Excellence	Subsidiary of LTG - LTG Kompetencijų centras UAB, which provides LTG Group companies with the services necessary to ensure internal administration and growth of LTG Group's long-term value, rational and efficient use of funds, assets and other resources, efficiency and continuity of the companies' operations.
Services	General internal administration services (HR Services; Accounting Services; Legal Services; Asset Management Services; Service and Process Management Services; IT Services; Security Services) and centralised procurement activities and the services required to support those activities (Procurement Services) provided by UAB “LTG Kompetencijų centras”under contracts with LTG Group companies.

3. The Principles of Corporate Governance

3.1. The key principles of corporate governance within LTG Group:

3.1.1. **Openness and transparency of activities –** applied to ensure disclosure of accurate, comprehensive, and timely information about LTG Group by making public disclosures (financial, business, governance) as required by the RoL legislation. The Group companies seek to increase transparency in pursuing all their activities and in implementing their strategic goals, and public disclosures are made in a clear, accurate and understandable manner so that the shareholder and all stakeholders receive the correct information.

3.1.2. **Compliance of corporate governance with the legal framework and its efficiency –** applied to ensure that LTG Group’s governance model and structure comply not only with mandatory legal requirements, but also with the best corporate governance practices. LTG should continuously seek to keep a balanced approach between the allocation of powers and the application of controls within the Group and to become a role model for corporate governance practices.

3.1.3. **Meeting the expectations of shareholders –** applied in seeking the growth of business value and the yield from dividends or profit contributions to the state budget, the ensuring of strategic national interests and implementation of strategic projects, in setting the shareholder’s expectations of LTG Group with regard to the strategic directions of activities, in reaffirming clear goals and principles of operation and sustainable development (the letter of expectations from the authority exercising the rights and duties of the shareholder - the Ministry of Transport and Communications of the RoL).

3.1.4. **Engagement with and role of stakeholders –** applied by recognising the expectations and rights of the stakeholders as established in legislation or mutual agreements, as well as by fostering active cooperation between LTG Group and the stakeholders to create added value.

3.1.5. **Effective and efficient risk management and internal control system –** applied by ensuring the transparency, effectiveness and efficiency of risk management and internal control systems.

3.1.6. **Clarity and sustainability of goals –** applied by setting clear and transparent operational goals at the Group level, which are directed towards the achievement of the goals set out in the long-term strategy and towards long-term business success and growth. Successful achievement of the long-term goals is largely determined by the collegial governing bodies acting in a highly professional manner for the purpose of ensuring the effectiveness and strategic direction of the Group's management at all levels of governance, and therefore a particular focus is given to their formation, composition, role, and powers.

3.1.7. **Responsibility and accountability of the governing bodies** – applied by ensuring that the governing bodies of LTG Group or of the independent companies properly perform their functions, actively exercise their rights, and properly discharge their duties, and are accountable to and act in the legitimate interests of shareholders. In their activities the governing bodies and the management observe the principles of ethical business practices, mutual respect, fairness, impartiality, loyalty, and integrity.

4. Elements of Corporate Governance

4.1. *Optimal and clear governance structure*

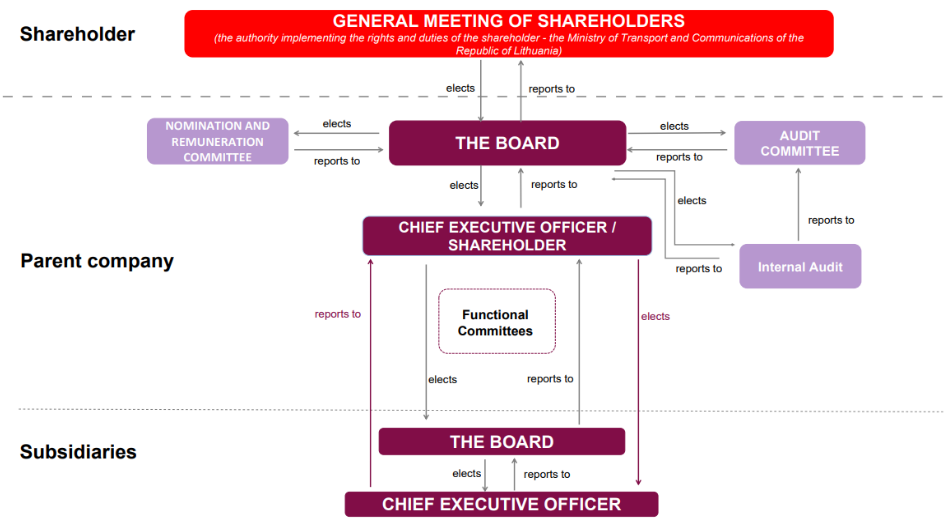
4.1.1. The number, size, and composition of the governing and supervisory bodies of the companies within LTG Group should be optimal for the purpose of achieving the goals of the Group.

4.1.2. **LTG Group's corporate governance structure** is composed of the *bodies of the companies and committees established under LTG Board* (hereinafter – the **Board Committees**), with the powers determined by the RoL legislation and the Articles of Association of the companies, as well as in other internal documents regulating the activities of these bodies and committees. The Board Committees function at the level of LTG Group. Formal committees should not be set up under the Boards of subsidiaries and lower-level legal entities.

4.1.3. In order to properly organise and carry out the economic, business, and financial activities of LTG Group, to ensure the achievement of the goals and/or the adoption of significant decisions, project and risk management, internal control, etc., *Functional Committees* operating at the Group level may be set up by decision of the CEO of LTG for the purpose of providing recommendations to the bodies of the companies.

4.1.4. The governing bodies of the companies, constituting the structure of LTG Group, ensure proper representation of the interests of shareholders, alignment of stakeholder interests, implementation of management and control functions, and compliance with the legal requirements (Figure 1: Structure of the Bodies of LTG Group Companies).

Figure 1. Structure of the Bodies of LTG Group Companies



4.1.5. Bodies of LTG Group companies of importance to ensuring national security:

<table>
<tr><th>Bodies of LTG Group companies</th><th colspan="4">Principal role
This Policy outlines the generalised competencies of the governing bodies. The powers of the bodies are detailed in the Articles of Association of the Company, the Rules of Procedure of the relevant bodies, the Working Regulations approved by the companies and other documents which must be observed to determine the functions and responsibilities of the particular body.</th></tr>
<tr><td colspan="5">Holding company LTG</td></tr>
<tr><td>General Meeting of Shareholders</td><td colspan="4">• The supreme body of the company.
• Responsible for developing the governance and supervisory structure of the company in view of the activities of the particular company, shareholders, legal status, and other aspects. Approves highest value transactions of the Group companies.</td></tr>
<tr><td rowspan="3">Board</td><td colspan="4">• The collegial management body.
• Performs the supervisory functions provided for in the RoL Law on Companies (hereinafter – the Law on Companies).
• No less than 1/2 members of the collegial body indicated in the Articles of Association of the company must be independent members of the Board.</td></tr>
<tr><td>Establishing Body</td><td>Composition</td><td>Term of office</td><td>Chairperson of the Committee</td></tr>
<tr><td>The General Meeting of Shareholders in accordance with the procedure established by legal acts</td><td>7 members</td><td>4</td><td>Elected by the Board from among its members. As a rule, Independent Board Member</td></tr>
<tr><td rowspan="3">Company Manager (Chief Executive Officer)</td><td colspan="4">• Chief Executive Officer (General Manager).
• Single-person executive body of the company.</td></tr>
<tr><td colspan="2">Electing Body</td><td colspan="2">Term of office</td></tr>
<tr><td colspan="2">The Board</td><td colspan="2">5 years (with the possibility of re-election for a second term not exceeding 5 years)</td></tr>
<tr><td rowspan="2">Board Committees:</td><td>Establishing Body</td><td>Composition</td><td>Term of office</td><td>Chairperson</td></tr>
<tr><td>The Board</td><td>Minimum 3 members</td><td>No longer than the Board's term of office</td><td>Elected by the Committee members. Only independent member of the Board may be appointed as Chairperson</td></tr>
</table>

<table>
<tr><td>Audit Committee</td><td colspan="4">• Purpose – provision of conclusions and/or proposals to the Board for internal and external audit, and the functioning of risk management and control systems within LTG and its subsidiaries.</td></tr>
<tr><td>Nomination and Remuneration Committee</td><td colspan="4">• Purpose – provision of conclusions and/or proposals to the Board for appointing and recalling the CEO of LTG, remuneration policy and provision of recommendations to the CEO of LTG on the selection of members of the governing bodies of subsidiaries, as well as provision of other conclusions, proposals, and recommendations for the issues assigned to the powers of the committee.</td></tr>
<tr><td>Other Committees</td><td colspan="4">• If necessary, established by decision of LTG Board in accordance with the regulatory framework or the ad hoc principle.</td></tr>
<tr><td colspan="5">AB LTG Cargo, UAB LTG Link, AB LTG Infra</td></tr>
<tr><td>General Meeting of Shareholders (the parent company LTG)</td><td colspan="4">• The supreme body of the Company.
• Responsible for developing the company’s governance and supervisory structure having regard to the activities of the particular company, shareholdings, legal status, and other aspects.</td></tr>
<tr><td rowspan="3">Board</td><td colspan="4">• The collegial management body[1].
• Performs the supervisory functions established in the Law on Companies.
• At least 1/3 of members of the collegial body specified in the Articles of Association of the Company shall be independent members of the Board.[2].
• At least one civil servant[3].</td></tr>
<tr><td>Establishing Body</td><td>Composition</td><td>Term of office</td><td>Chairperson</td></tr>
<tr><td>The General Meeting of Shareholders in accordance with</td><td>5 members</td><td>4 years</td><td>Elected by the Board from among its members</td></tr>
</table>

[1] The requirement is established by Article 31 and 31^1 of the Description of the Procedure for Implementation of the Property and Non-Property Rights of the State in State-Owned Enterprises approved by Resolution No 665 of the Government of the Republic of Lithuania of 6 June 2012 (Ownership Guidelines) (The authority exercising the rights and duties of the company owner shall ensure, and the holder of the shares shall endeavour to ensure and, where the number of votes held so permits, shall ensure, that the articles of association of state-owned enterprises and subsidiaries which, in accordance with the Law on the Audit of Financial Statements and other assurance services of the Republic of Lithuania, are classified as public-interest companies or which, in accordance with the Law on the Protection of Objects of Importance to Ensuring National Security of the Republic of Lithuania, are classified as enterprises of importance to ensuring national security, provide for the formation of collegial bodies, i.e. a supervisory council or a management board, which is to perform the supervisory functions assigned thereto in the articles of association in accordance with the Law on Companies of the Republic of Lithuania). This provision is applied to LTG subsidiaries **AB LTG Cargo, AB LTG Infra and UAB LTG Link. The requirement for the formation of collegial bodies is applied to LTG Group companies other than those specified above based on the *‘comply or explain’* approach.**

[2] The requirement is established in Article 23^1(2) of the Law on the Management, Use and Disposal of State and Municipal Assets of the Republic of Lithuania.

[3] Article 15(7) of the Law on the Protection of Objects of Importance to Ensuring National Security established that “There must be at least one civil servant in the collegial supervisory or management body elected by the general meeting of shareholders of an enterprise of the first and second category importance to ensuring national security.“ Considering that this provision is applied to the formation and composition of the boards of LTG subsidiaries AB LTG Cargo, AB LTG Infra and UAB LTG Link.

	the procedure established by legislation.			
Company Manager (Chief Executive Officer)	• Chief Executive Officer (General Manager). • Single-person management body of the company.			
	Electing Body		**Term of office**	
	Board		5 years (with the possibility of re-election for a second term not exceeding 5 years)	

4.1.6. The governing bodies of the subsidiaries whose functions are related to the carriage of goods, passengers, and luggage by rail, as well as to public railway infrastructure management, shall be formed in accordance with the provisions of the Railway Transport Code of the RoL, containing the requirements for impartiality of governance of the public railway infrastructure manager.

4.1.7. Subsidiaries and lower-level legal entities are established to implement the LTG Group strategy. The decision to establish a new Group entity should be based on a detailed cost-benefit analysis in view of the issues relating to governance, risk, financing, cost and conduct of activities.

4.2. ***Decision-making and reporting system***

Corporate governance model

4.2.1. The corporate governance of LTG Group focuses on the achievement of LTG's long-term and short-term strategic goals, and on the achievement of business objectives set to the Group companies.

4.2.2. LTG Group's corporate governance is organized to maintain a balance between the Group's efficient and result-oriented governance and controls. **LTG Group's governance model is centralised**: the governing bodies of the parent company LTG consider and approve the consolidated business strategy of LTG Group, consolidated business objectives, indicators for their measurement and target values, consolidated budget, and action plan. Although neither legislation nor the Articles of Association provide for LTG's direct management powers over the subsidiaries, LTG establishes rules and procedures to coordinate, supervise and control the activities and (or) functions of the Group companies. It also determines the policies and rules applicable within the Group as a whole, acts as an active shareholder and exercises its rights properly.

4.2.3. Each company within the Group ensures implementation of the set goals, maintains accountability and responsibility for performance results, which are consolidated and measured by the parent company LTG.

4.2.4. **In exercising its rights as a shareholder, the parent company LTG should:**

4.2.4.1. be involved in the management of the Group companies;

4.2.4.2. establish the Group's corporate governance model that clearly defines the roles and responsibilities of the Group companies at all levels;

4.2.4.3. develop the Group's culture guided by the values and ethical business conduct;

4.2.4.4. ensure appropriate information dissemination and communication rules at the Group level;

4.2.4.5. ensure that effective processes and controls are in place to identify and address potential conflicts of interest within the Group.

4.2.5. LTG Group applies a **functional leadership** model, which implies that added value is created by centralizing the management of operational support and corporate functions and the functions themselves by consolidating competencies and implementing functional excellence. The parent company coordinates the financial, legal, planning and monitoring, human resources, risk management, auditing, technology, communication, and other general areas of the Group companies within the framework of common policies, regulations, and norms applicable to all companies within LTG Group.

4.2.6. Day-to-day operations of LTG Group may be governed by the **principles of matrix-based management** relying on cooperation and agreement among the Group companies as regards the directions and goals of activities, responsibilities, and accountabilities, as well as the exchange of a wide range of individualised information, both vertically and horizontally, with a view to the applicable confidentiality obligations between the companies.

Role of the parent company

4.2.7. In implementing its functions as the parent company, based on the strategic management services agreements concluded and in observance of the legal requirements, LTG, provides its subsidiaries with a seamless package of integral advisory and other related services, in accordance with the **strategic management fee agreements** and in compliance with the legal requirements, focused on implementing the LTG Group's business strategy, ensuring performance, improving efficiency and competitiveness, optimising the use of operations and resources, improving investment, financial and return on equity performance, implementing uniform standards of performance of the Group's companies, achieving strategic objectives, enhancing value and implementing shareholder resolutions and expectations. The detailed conditions for the provision of these services shall be set out in the strategic management fee agreements to be concluded.

4.2.8. The activities of the Group companies in these areas are based on mutual agreement – cooperation with a focus on achieving a common result, and are coordinated within the framework of policies, i.e., common rules and regulations, that apply to all companies within the Group.

Role of Center of Excellence

4.2.9. The Center of Excellence in the performance of its functions, in accordance with the concluded Service Provision Agreements and in compliance with the requirements of the legislation, provides the Group companies with the Services necessary to ensure internal administration and the growth of the Group's long-term value, the rational and efficient use of funds, assets and other resources, and the efficiency and continuity of the companies' operations. The detailed conditions for the provision of the Services shall be defined in the concluded Service Provision Agreements.

Role of the Boards of the Group companies

4.2.10. The company board (hereinafter - the Board) is the collegial management body responsible for the management of the Company, the achievement of its goals, proper commercial/economic activities, and control of the company. When adopting decisions within the scope of its powers, the Board acts independently and is not bound by proposals submitted to it by the CEO.

4.2.11. The Board's primary responsibility is to foster success of the company in the long run by ensuring the implementation of the strategy through exercising oversight of its implementation. The Board is accountable to the General Meeting of Shareholders. The powers of the Board are detailed in the Law on Companies, and additional powers of the Board are established in the Articles of Association of the respective company.

4.2.12. **The responsibilities of the Board cover, but are not limited to, the following:**

1) to consider and approve the company's strategy;
2) to analyse and evaluate information provided by the CEO on the organisation of the company's activities, its business performance and financial position and to take the relevant decisions;
3) to prioritise the company's material risks and to approve strategies to manage them;
4) to analyse and evaluate the company's financial statements;
5) to elect and recall the CEO (or Director);
6) to supervise the activities of the CEO, submit to the General Meeting of Shareholders feedback and inputs concerning the activities of the CEO.

4.2.13. **Members of the Boards of subsidiaries and lower-level legal entities are expected to:**

1) be able to exercise with due care oversight of the activities carried out;
2) be able to develop and foster a comprehensive understanding of the company's business and risk profile, its strategic, financial and operational opportunities and plans;
3) be able to debate constructively, assess the benefits of different actions and take reasonable business risks;
4) devote sufficient time and attention to perform his/her duties as a member of the Board;
5) have a good understanding of, and comply with, the powers, roles and responsibilities of individual bodies of the companies as set out in this Policy and legislation.

4.2.14. **The governing bodies of subsidiaries and lower-level legal entities should focus on:**

1) development and implementation of the company's strategy;
2) financial stability of the company;
3) ensuring financial returns for the shareholder;
4) risk management;
5) implementation of strategic projects.

The role of Chief Executive Officers of the Group companies

4.2.15. The CEOs of the Group companies are responsible for active and responsible management of the company's day-to-day activities (operations), and implementation of the short-term goals and strategy.

4.2.16. The responsibilities of CEOs are detailed in the Law on Companies, other legislation, the Articles of Association of the Company and the job descriptions of CEOs.

Fiduciary duties

4.2.17. The fiduciary duties of the governing bodies (duty of care, loyalty, avoidance of conflicts of interest, confidentiality, etc.) apply to all governing bodies of the Group and must be observed throughout the entire period of being a governing body or a member thereof.

4.2.18. The governing bodies of the Group companies are obliged to act in the best interests of the particular company and its shareholders, comply with the laws and regulations of the RoL, be bound by the Articles of Association of the company, and to make decisions with care, diligence, and prudence.

4.2.19. Members of the governing bodies of the Group companies must avoid situations where their personal interests are or may be in conflict with the interests of the particular company and/or LTG and must ensure the protection of confidential information.

5. Corporate Governance Documents and Their Implementation

5.1. Documents regulating corporate governance within LTG Group:

5.1.1. *the Articles of Association of the Group companies* as the main documents related to the company's activities defining the goals and object of the company's activities, equity, rights conferred by shares, the structure of the governing bodies, the procedure for electing and recalling the governing bodies, the procedure for organization of the activities and decision-making of the governing bodies, etc.;

5.1.2. *the Rules of Procedure of the Boards of the Group companies* –establish the procedures for organization of work and meetings of the Boards, decision-making, etc.;

5.1.3. *the Regulations of the Committees to LTG Board* –establish the procedure for organization of work and meetings of the committees, decision-making, responsibility, etc.;

5.1.4. *the Rules of Procedure of the Functional Committees* of LTG –determine the purpose and functions of the committees, the procedure for organization of their work and meetings, decision-making, etc.;

5.1.5. this *Policy*;

5.1.6. other *Group's policies;*

5.1.7. other documents approved at the Group level.

5.2. The governing bodies of the parent company, or their authorised employees, also adopt other policies and/or documents applicable at the Group level. Documents adopted by the governing body of LTG are binding in the same way as decisions adopted by the General Meeting of Shareholders and are directly applicable in the subsidiaries.

5.3. The governing bodies of the Center of Excellence, or their authorized employees, may adopt documents applicable at the Group level when necessary for the implementation of the policies, principles and other regulatory documents established by the LTG, in accordance with the rules and procedures established by the LTG.

5.4. The governing bodies of the subsidiaries shall ensure that lower-level legal entities under their control comply with the documents applicable at the Group level.

5.5. The governing bodies of the Group companies, acting within the scope of their powers, ensure that internal documents of the companies concerned comply with the principles and rules set out in the Group's corporate governance documents.

5.6. In exceptional cases, where it is not possible to implement the Group's documents in full due to the specific nature of the activities of the subsidiaries or lower-level legal entities, or due to regulation, **the documents adopted at the Group level may be applied in the following ways:**

5.6.1. *applicable with exceptions* (where the regulation contained in the Group-level document conflicts with the law of the country in which the subsidiary or lower-level legal entity is established, or the document cannot be applied due to the specific nature of the activities of the subsidiary or lower-level legal entity or of the business segment);

5.6.2. *applicable subject to additional regulation* (if required by the specific nature of the activities of the subsidiary or lower-level legal entity);

5.6.3. *not applicable on a temporary or permanent basis* (by indicating whether the document will not apply at all or whether a certain transitional period is required for the document to start to be applicable).

5.7. The governing body of any Group company should justify the reasons for non-compliance, in part or in full, with the Group-level corporate governance documents and pre-inform LTG.

6. Relationship Between the Bodies of the Group Companies

Relationship between the Group and stakeholders

6.1. The Chairperson of the Board of LTG and/or the CEO of LTG normally represent the Group in its relations with the ultimate beneficiary of the Group, i.e., the State of Lithuania, represented by the Ministry of Transport and Communications of the RoL, as regards strategic issues of the Group.

6.2. The CEO of the company represents the company *ex officio*, i.e., without a separate power of attorney, and is the principal representative both in internal communications with the company employees and in external communications with the company's stakeholders, with the exception given in point 6.1.

Relationship between the governing bodies of the subsidiaries and LTG

6.3. The governing bodies of the subsidiaries should work in close cooperation, acting in accordance with the legal and confidentiality requirements, to achieve benefits for the Group and its shareholder.

6.4. The governing bodies of the subsidiaries should regularly and, where necessary, promptly inform LTG on any matters of significance to the Group in relation to planning, business development, risk management and control and compliance with commitments.

6.5. The Boards of the subsidiaries have the discretion, subject to the approval of LTG, to engage the services of independent external consultants for matters within the scope of their powers.

Relationship between the Boards of the Group companies and CEOs of the companies

6.6. The CEO of the Group company regularly informs the Chairperson of the Board on operational matters and cooperates in drawing up agendas for Board meetings. The Board shall be provided with objective information to enable it to take an informed decision in accordance with the principle of *"less material more information"*, saying that the Board shall be provided with comprehensive but clear, relevant, and concise information. Information for Board meetings shall be provided within the time limits laid down in the Rules of Procedure of the Boards.

6.7. To enable the members of the Group Boards to discharge their duties properly, the management of the Group companies should provide access to information on company-related matters.

7. Risk Management and Internal Control System

7.1. LTG Group implements a comprehensive risk management and internal control system covering a wide range of activities and roles, which if functions properly enables sustainable and successful activities of the Group.

7.2. The Group's activities are monitored through internal and external auditing, periodic risk identification and management monitoring, review of ongoing programmes, projects, initiatives and processes, periodic evaluation of performance results, and other organisational and technical control techniques.

7.3. The Group's risk management activities cover a wide part of the organisation. The structural units, functions, single-person and collegial governing bodies and other entities acting in different roles are involved in different steps of the risk management process. The organisation of activities and distribution of responsibilities are generally based on the *Three Lines Model*, which is also regulated by the general risk management system of LTG Group, providing that:

7.3.1. *Line I* comprises LTG Group company's and corporate functions that identify, assess and manage risks and are responsible for the proper functioning of Level 1 risk management;

7.3.2. *Line II* comprises the functions that develop the overall risk management framework and control risk management;

7.3.3. *Line III functions* are carried out by LTG Internal Audit Unit which has the internal audit function assigned to its powers and which conducts governance, operational, compliance and risk management audit. This Unit performs an independent assessment of the effectiveness of risk management Levels 1 and 2, provides comments and recommendations on possible improvement of the general risk management system.

7.4. The Internal Audit functions as a third line within the Group. The Internal Audit function operates on a Group-wide basis. The Unit reports directly to LTG Board, thus ensuring the independence and objectivity of Internal Audit.

7.5. The role of the governing bodies of the Group within the risk management and internal control framework is set out in the Articles of Association, the Risk Management and Internal Audit Policies and other relevant policies of the Group.

8. Final Provisions

8.1. The present Policy is approved by the Board of LTG.

8.2. The Policy is applied insofar as it is compliant with the laws of the RoL and/or other applicable legislation.

8.3. Compliance with the provisions of this Policy is the responsibility of the governing bodies of the Group.

8.4. The Policy shall be subject to revision not less than once a calendar year or as a result of changes in the corporate governance legislation of the RoL.

8.5. The LTG's Legal and Governance shall initiate a review and update of the Policy.

8.6. The Policy shall take effect upon its approval.

8.7. The Policy is publicly available on LTG website.