APPROVED

by Order No 1K-205 of the Minister of

Finance of the Republic of Lithuania of 7 June 2013

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**DESCRIPTION OF THE GUIDELINES FOR CORPORATE GOVERNANCE OF THE STATE-OWNED GROUP OF ENERGY COMPANIES**

**SECTION 1**

**GENERAL PROVISIONS**

1. The Description of the Guidelines for Corporate Governance of the State-Owned Group of Energy Companies (hereinafter – the Guidelines) contains the formulated corporate governance guidelines covering the general principles of the governance model of AB “Ignitis grupė” (hereinafter – the Company) and its subsidiaries, irrespective of their place of establishment (hereinafter – the Group of Companies), which are applicable to the governance structure and the management and control system. The Guidelines are recommended to be followed in forming and implementing the governance structure and the management and control system of the Group of Companies.

2. The corporate governance of the Group of Companies is understood as a system designed to manage and control the Group of Companies with a view to pursuing the objectives which are common not only to an individual company but also to the entire Group of Companies. In performing the functions of patronage assigned to it, the Company implements the corporate governance of the Group of Companies.

3. The Guidelines have been prepared in accordance with the Law on Companies of the Republic of Lithuania, the Corporate Governance Code for the Companies Listed on NASDAQ Vilnius as approved at the meeting of the Board of AB NASDAQ Vilnius on 21 August 2006 (minutes No 06-72) (hereinafter – the Governance Code), the codes and principles of other states and international organisations whose main ideas and directions are reflected in the principles of corporate governance in state-owned enterprises as set out by the Organisation for Economic Cooperation and Development (OECD) and in the OECD Guidelines, the Description of the Guidelines for Ensuring Transparency of State-Owned Enterprises approved by Resolution No 1052 of the Government of the Republic of Lithuania of 14 July 2010 “On the Approval of the Description of the Guidelines for Ensuring Transparency of State-Owned Enterprises”, Resolution No 1092 of the Government of the Republic of Lithuania of 14 October 2015 “On the Approval of the Description of the Procedure for the Payment of Remuneration to Members of the Collegial Bodies of State-Owned Enterprises and Municipal-Owned Enterprises and Insurance of Civil Liability of Members of the Collegial Bodies of State-Owned Enterprises and Municipal-Owned Enterprises” (hereinafter – the Resolution), and the Description of the Procedure for the Implementation of Property and Non-Property Rights of the State in State-Owned Enterprises as approved by Resolution No 665 of the Government of the Republic of Lithuania of 6 June 2012 “On the Approval of the Description of the Procedure for the Implementation of Property and Non-Property Rights of the State in State-Owned Enterprises” (hereinafter – the Description of the Implementation of Rights), as well as other legal acts regulating the activities of the Group of Companies. The application of Corporate Governance principles is based on international and national legal acts and good corporate governance practices.

4. The Guidelines shall be followed in making relevant decisions of the principal shareholder of the Company or of the supervisory or management bodies of the Group of Companies.

**SECTION 2**

**PRINCIPLES OF CORPORATE GOVERNANCE OF THE GROUP OF COMPANIES**

5. The Principles of Corporate Governance of the Group of Companies (hereinafter – the Principles of Corporate Governance) are the following:

5.1. The creation of preconditions for effective corporate governance: an environment in which the Group of Companies or individual companies operate promotes transparency in the market, ensures the separation of management, supervisory and state regulatory functions.

5.2. The exercise of the rights conferred by shareholders’ shares: the corporate governance system shall ensure the possibilities of exercising the property and non-property rights arising from the share management – the creation of financial (return on equity (ROE)) and non-financial value while safeguarding the interests of minority shareholders. The principal shareholder of the Company shall seek and ensure that the Group of Companies operates on an equal footing with other market participants, without creating exclusive business conditions for the Group of Companies.

5.3. The role of stakeholders: the corporate governance system shall recognise the expectations and rights of stakeholders arising from agreements or legal regulation, as well as encourage active cooperation in creating sustainable added value.

5.4. Openness and transparency: the corporate governance system must ensure timely and accurate disclosure of information about the Group of Companies by providing financial, operational, managerial, as well as other information to be communicated to the stakeholders. The Group of Companies strives for transparency in all areas of its activities and observes the principles of zero tolerance to corruption and of unbundling of the activities of the Group of Companies from political influence.

5.5. Responsibility and accountability of management and supervisory bodies: the corporate governance system shall ensure that the management and supervisory bodies of the Group of Companies or of individual companies properly perform their functions and are accountable to the shareholders.

5.6. Efficient management of the subsidiaries of the Group of Companies: the corporate governance framework shall ensure the improvement of the governance of the subsidiaries in order to achieve the efficiency of management and ensure the continuity of activities.

6. In applying the principles and model of Corporate Governance, the focus is given to assessing stakeholder expectations and making them consistent with each other, by ensuring the unbundling of the state policy-making or political influence from the activities of the Group of Companies, as well as to establishing the best set of objectives and indicators to be achieved by the Group of Companies taking into account external and internal circumstances and possibilities. The objectives and targets to be achieved must meet the expectations of the stakeholders. The management and control system must ensure effective achievement of objectives in a timely manner and their compliance with the expectations of the stakeholders.

7. The purpose of the Group of Companies is understood as the pursuit of the objectives related to the activities of the Group of Companies, as set forth in the strategic documents in the areas of ministerial governance and their implementing documents, by ensuring socially responsible enhancement of the long-term value of the Group of Companies and appropriate return on capital invested by the shareholders and by balancing the interests of the shareholders with the interests and expectations of other stakeholders.

8. In applying the principles and model of Corporate Governance, the continuous assessment of the external and internal business environment is carried out. In assessing the external business environment, various factors affecting the activities of the Group of Companies are taken into account: the general economic situation in Lithuania and in the region, the situation in the energy sector and in related sectors of the economy, development trends, directions and major changes. In assessing the internal environment, resources, infrastructure and other related aspects which are used to achieve the synergy effect of activities are taken into consideration.

9. The application of the Principles of Corporate Governance allows the stakeholders to pursue the maximum benefit in an integrated way and interconnects elements from setting expectations to meeting expectations after the achievement of objectives and targets (results).

**SECTION 3**

**GOVERNANCE MODEL OF THE GROUP OF COMPANIES**

10. The Governance Model of the Group of Companies is based on an integrated management and control system which includes all key elements of the activities in a coherent and comprehensive manner: from cyclical planning of activities by setting the performance objectives and targets to be achieved and the performance of activities, to the achievement of objectives and targets, and performance measurement. At the same time, it is ensured that the process is uninterrupted and that the results at the end of one cycle become data at the start of the next cycle.

11. The expectations of the stakeholders are integrated into the objectives by applying a programming approach. The planning documents (of individual companies or of the entire group) are prepared to achieve the objectives. The consolidation of effort shall be ensured during the preparation of the planning documents by linking together the objective, resources, processes and the result.

12. The necessary resources (infrastructure, production technologies, human resources, financing, information systems, legal regulation, communication and other necessary resources) shall be foreseen for the implementation of the planning documents.

13. The planning documents shall be implemented through production, service provision, service and other processes, by promoting innovations and implementing advanced solutions, based on the innovations, necessary for the activities of the Group of Companies. A specific result, for the achievement of which the planned resources are used, is achieved over a certain period of time.

14. Once the objectives and targets have been achieved, the compliance of the activities of the Group of Companies and its results with expectations shall be ensured. The results achieved shall be linked to the new programming cycle and the new expectations of the stakeholders as well as the initiation of their achievement.

**SECTION 4**

**GOVERNANCE STRUCTURE**

15. The structure of the management and supervisory bodies and the management system of the Group of Companies must be formed and operate in such a way as to create the preconditions necessary to ensure proper representation of the State as the principal shareholder, the reconciliation of the interests of other stakeholders and the separation of the management and control functions of the Group of Companies, and also in such a way as to comply with the Principles of Corporate Governance, the requirements arising from corporate governance legislation (including the legal acts of the European Union and of the Republic of Lithuania regulating the unbundling of energy sector activities) and international good practice. Members of the management and supervisory bodies or employees of the electricity and gas transmission system operator cannot be members of the management and supervisory bodies of the Company.

16. The State is the principal shareholder of the Company:

16.1. which owns not less than 2/3 percent of the shares, and the rights and obligations of the principal shareholder are exercised by the Ministry of Finance of the Republic of Lithuania. The management of the shares shall be carried out in accordance with the Law on Companies, which establishes the property and non-property rights and obligations of all shareholders, as well as the Description of the Implementation of Rights;

16.2. which votes, at the General Meeting of Shareholders, on the principal decisions relating to the exercise of property rights and obligations, including decisions on the approval of the Articles of Association of the Company, appointment or removal of the members of the Supervisory Board of the Company, approval of a set of financial statements of the Company, profit (loss) allocation, the increase or reduction of the authorised capital of the Company (in certain cases - also of its subsidiaries), reformation, reorganisation or split-off, restructuring, liquidation and other matters within its competence;

16.3. which exercises the voting rights attaching to its shares within its competence and makes every effort to ensure that the Group of Companies is able to operate its business independently, i.e. the principal shareholder:

16.3.1. shall not take any actions that could prevent the Group of Companies from carrying on its business independently;

16.3.2. shall not influence the day-to-day running of the Company's business or have or acquire a material shareholding in one or more main subsidiaries of the Group of Companies;

16.3.3. shall not take any action which would be prejudicial to the Company’s status as a listed company or the Company’s eligibility for listing, or would reasonably prevent the Company from complying with the obligations and requirements established by law that are applicable to listed companies;

16.3.4. shall conduct all transactions and ensure relationships with the subsidiaries of the Group of Companies under market conditions (on an arm’s length basis) and on a normal commercial basis;

16.3.5. shall not vote in favour of, or propose, any decision to amend the Articles of Association of the Company, which would be contrary to the principle of independence of the Company’s business;

16.3.6. shall vote in a manner that ensures that the management of the Company complies with the Principles of Good Governance set out in the Governance Code.

17. The Supervisory Board of the Company:

17.1. The Supervisory Board of the Company is a collegial supervisory body provided for in the Articles of Association of the Company. The activities of the Supervisory Board of the Company are regulated by the Law on Companies, the Articles of Association of the Company and the Rules of Procedure of the Supervisory Board of the Company. The Supervisory Board of the Company is elected by the General Meeting of Shareholders. The activities of the Supervisory Board of the Company shall be organised by its Chair, who shall be elected by the Supervisory Board from among its members. The form of activity shall be meetings, which shall normally be held at least quarterly (the Supervisory Board may, if necessary, arrange any other regularity of meetings). In certain cases, decisions may be taken in other ways provided for in the Rules of Procedure of the Supervisory Board of the Company.

17.2. The Supervisory Board of the Company consists of 7 (seven) members: 2 (two) representatives of the principal shareholder and 5 (five) natural persons who meet general, special and independence requirements set out in the Law on the Management, Use and Disposal of State and Municipal Assets of the Republic of Lithuania (hereinafter – independent members). Members delegated by the Ministry of Finance shall be appointed as representatives of the principal shareholder. Such a model for the formation of the Supervisory Board of the Company must be applied in practice in such a way as to achieve a balance between the strategic goals of the State in the energy sector, the pursuit of profit (return on capital) and the expectations and interests of the stakeholders, to ensure the diverse competences of the members of the Supervisory Board of the Company and to avoid the domination of an individual or a group of individuals when the Supervisory Board adopts decisions.

17.3. The Supervisory Board of the Company shall be formed in view of the provision that the competences of the members of the Supervisory Board must be diverse, they must meet the requirements set out in the Description of the Selection of Candidates for the Collegial Supervisory or Management Body of a State or Municipal Enterprise, a State-Owned or Municipal-Owned Company or its Subsidiary as approved by Resolution No 631 of the Government of the Republic of Lithuania of 17 June 2015 “On the Approval of the Description of the Selection of Candidates for the Collegial Supervisory or Management Body of a State or Municipal Enterprise, a State-Owned or Municipal-Owned Company or its Subsidiary (hereinafter – the Description of the Selection of Candidates). The specific need for competences shall be determined in the criteria for the selection of a member of the Supervisory Board of the Company (during the selection).

17.4. The CEO of the Company, a member of the Management Board of the Company, a person who is not legally entitled to hold this post, as well as a person whose participation would cause a conflict of interest and would infringe the principles of impartiality and objectivity cannot be a member of the Supervisory Board of the Company. It is recommended that an independent member should be elected Chair of the Supervisory Board of the Company. The meetings of the Supervisory Board of the Company are open to the members of the Management Board of the Company.

17.5. The amount of remuneration to members of the Supervisory Board of the Company for activities in the Supervisory Board shall be determined by a separate resolution of the General Meeting of Shareholders. The amount of remuneration for activities in the Company’s Supervisory Board and its committees, which may be determined for the entire term of office of a member of the collegial body, shall be determined in accordance with the Resolution and the remuneration policy approved by the Company’s General Meeting of Shareholders.

17.6. The functions and responsibilities of the Supervisory Board of the Company shall include, but are not limited to, the following: approval of the operational strategy, presentation of information on the implementation of the operational strategy to the Ordinary General Meeting of Shareholders, election and removal of the Management Board members, overseeing the performance of the Management Board and of the CEO, submitting proposals and feedback on the Company’s set of financial statements, profit (loss) allocation, annual report to the General Meeting of Shareholders. The Supervisory Board of the Company shall also deal with other matters falling within its competence. The Supervisory Board of the Company shall operate at the level of the entire Group of Companies, i.e. if necessary, it deals with the matters related not only to the activities of the Company, but also to the activities of its subsidiaries or their management or supervisory bodies.

17.7. With regard to the principle set out in the Governance Code, which provides that the rights conferred on the collegial body elected by the General Meeting of Shareholders should ensure the effective supervision of management bodies and the protection of the interests of all shareholders, among other things, in addressing matters related to the determination of the remuneration of executives (including the Company’s CEO), the Supervisory Board of the Company, taking into account the opinion of the Nomination and Remuneration Committee, shall set out the guidelines (a framework) for the remuneration of executives of the Company and its Group of Companies, which must focus on creating a long-term and sustainable value of the Company and the entire Group of Companies, as well as ensure the possibility of attracting and retaining the necessary competences and highly qualified professionals, ensuring that responsibilities are proportionate to remuneration and that the remuneration and incentive system is in line with the results achieved. Taking into account the principle of the supremacy of the application of special regulation and Article 373(2) of the Law on Companies, the remuneration of the CEO and members of the Management Board of the Company shall be determined and paid in accordance with the remuneration policy approved by the Company’s General Meeting of Shareholders.

17.8. To perform its functions and duties effectively, the Supervisory Board of the Company shall set up committees that deal with matters falling within the competence of the Supervisory Board. The Committees of the Supervisory Board of the Company (hereinafter – the Committees), shall, within the limits of their competence, present their conclusions, opinions and proposals to the Supervisory Board of the Company. The following Committees shall be formed:

17.8.1. the Committee for Risk Management and Business Ethics Supervision which is responsible for providing the Supervisory Board of the Company with conclusions or proposals regarding the functioning of the management and control system in the Group of Companies and/or the implementation of key risk factors and risk management or preventive measures;

17.8.2. the Nomination and Remuneration Committee which is responsible for providing the Supervisory Board of the Company with conclusions or proposals regarding the matters of appointment, removal or incentivising of the members of the management and supervisory bodies of the Group of Companies, as well as for appraisal of the activities of the Company’s Management Board and its members, and for providing a relevant opinion. The functions of the Committee also include the development of a common remuneration policy within the Group of Companies, setting the amount and composition of the remuneration, principles of incentives, etc.;

17.8.3. other committees, which, if necessary, may be also set up on an *ad hoc* basis (e.g. for addressing specific issues, developing, overseeing or coordinating strategic projects, etc.).

17.9. The activities of the Committees shall be organised and their meetings shall be chaired by the Chair of a relevant Committee. The Chairs of the Committees shall be appointed by the Supervisory Board of the Company. It is recommended that the Committees should be chaired by members of the Supervisory Board of the Company. The Committee must consist of at least 3 members, of whom at least 1 member must be a member of the Supervisory Board of the Company. The Committee must have at least one independent member. If legal acts in force provide for a different (larger) number of independent members, the statutory requirements shall apply to the composition of the Committees. The members of the Management Board of the Company or of the Group of Companies or employees who make decisions cannot be members of the Committees. It is the responsibility of the Supervisory Board of the Company to establish and approve the functions and operating provisions of the Committees. The Committees shall periodically (at least every 6 months) prepare and submit to the Supervisory Board of the Company their activity reports (the content and periodicity of the reports shall be laid down in the Rules of Procedure of each Committee).

171. Audit Committee of the Company (hereinafter – the Audit committee):

171.1. Pursuant to Article 69 of the Law on the Audit of Financial Statements of the Republic of Lithuania, an Audit Committee must be formed in the Company, which is responsible for preparation and submission of objective conclusions or proposals to the Company regarding the operation of the audit and internal control system within the Group of Companies.

171.2. The functions and responsibilities of the Audit Committee include, but are not limited to, the following: supervision of the financial reporting and auditing processes of group companies, monitoring compliance with the principle of independence of auditors and audit firms of group companies; monitoring the effectiveness of the internal control, risk management and internal audit systems and processes of group companies; preparation and submission of recommendations to the Company relating to the selection, appointment, re-appointment and removal of an external audit company and the terms and conditions of the contract with the external audit company; ensuring the effectiveness of the internal audit function in the Group of Companies; submitting an opinion to the Company on transactions with related parties as provided for in Article 372 of the Law on Companies.

171.3. The General Meeting of Shareholders of the Company shall appoint the members of the Audit Committee for a period not exceeding 4 years, ensuring that the majority of the members of the Audit Committee are independent members, and approve the regulations of the Audit Committee. The Audit Committee consists of 5 members. Two candidates to the Audit Committee are nominated by the Company’s Supervisory Board. The members of the Audit Committee must comply with the independence, qualification and other requirements specified in Resolution No. 03-14 of the Board of the Bank of Lithuania “Regarding the Approval of the Description of Requirements for Audit Committees” of 24 January 2017.

171.4. The Chair of the Audit Committee is elected by the members of the Audit Committee from among their independent members.

18. Management Board of the Company:

18.1. The Management Board is a collegial management body provided for in the Articles of Association of the Company. The activities of the Management Board are regulated by the Law on Companies, the Articles of Association of the Company and the Rules of Procedure of the Management Board. The members of the Management Board are employees of the Company, they are elected by the Supervisory Board of the Company on the proposal of the Nomination and Remuneration Committee. The Management Board shall be elected for a term of office of up to 4 years. The Management Board elects from among its members the Chair of the Management Board ­– the CEO of the Company. The members of the Management Board must, within their competence, ensure proper performance of the activities of the Company. The Management Board consists of 5 members. A member of the Supervisory Board of the Company and a person who is not legally entitled to hold this post cannot be a member of the Management Board. The members of the Management Board of the Company must meet the general and specific criteria laid down by law.

18.2. The competences of the members of the Management Board of the Company must be diverse, they must meet the requirements set out in the Description of the Selection of Candidates. The need for competences shall be determined by the Supervisory Board during the formation of the Management Board. The areas of supervision are subject to change on the proposal of the Chair of the Management Board with the approval of the Supervisory Board.

18.3. The Management Board shall operate in accordance with the Rules of Procedure. The form of activity of the Management Board shall be meetings which shall normally be held every week (if necessary, the meetings may be held more frequently (less frequently), decisions may be taken in another form provided for in the Rules of Procedure of the Management Board). The responsibilities of the Management Board include in principle all major management decisions relating to the activities of the Company as the Parent Company: regarding the implementation of the strategy of the Company (its Group of Companies), financial management and reporting, performance management, assets, participation in other legal entities, as well as other issues that fall within its competence. The competence of the Management Board of the Company also includes decisions on the common rules and principles (policies, guidelines, recommendations) applicable to the Group of Companies, decisions related to the general interest of the Group of Companies, and achievement of its objectives, the structure of the Group of Companies, and the issues of service activities.

19. Management and supervisory bodies of the subsidiaries of the Group of Companies:

19.1. The management and supervisory structure of the subsidiaries of the Group of Companies is formed taking into account the activities of a particular company, stock managers, legal status and other aspects. The rule is that the management and supervisory bodies of the subsidiaries must be optimal, they must ensure the implementation of the interests of the Company as a shareholder, of other shareholders and of stakeholders, and must comply with the international and national best practices on corporate governance.

19.2. As a general rule, the subsidiaries of the Group of Companies are subject to the following structure of management and supervisory bodies (under reasonable circumstances (where there is a reasonable need to have a different structure of bodies than the one described in this clause and in Clause 19.4) or subject to legal requirements, another rational structure of the management and supervisory bodies may be applied in agreement with the Supervisory Board of the Company):

19.2.1. with a collegial management body – the Board performing the supervisory functions set out in Article 34(11) of the Law on Companies, which shall include an independent member(s) and the representatives of the shareholders, as well as, if necessary, employee representative(s). The model generally applies to subsidiaries which are classified as public interest entities under the Law on the Audit of Financial Statements of the Republic of Lithuania or are classified as companies of importance for ensuring national security under the Law on the Protection of Objects of Importance to Ensuring National Security of the Republic of Lithuania;

19.2.2. with a collegial management body – the Board, which includes an independent member and the representatives of the shareholders. The collegial supervisory body shall not be formed. The model typically applies to companies of core, service and non-core activities, or of other activities;

19.2.3. with a single-person management body – the CEO of the company, by assigning him/her with the functions of the collegial management body – the Board, and by expanding the competence of the General Meeting of Shareholders. The collegial supervisory or management bodies shall not be formed. The model applies when there is no need to apply another model to companies or institutions.

19.3. As a general rule, in implementing the provisions of Clauses 19.2 (except for Clause 19.2.3) and 19.4 of the Guidelines (corporate supervisory and management models), the same principles which apply to the members of the collegial bodies of the Company (regarding compliance with the statutory special and independence requirements (applicable to independent members), remuneration for activities (Clause 17.5 of the Guidelines apply *mutatis mutandis*), terms of office, accountability, etc.) shall proportionally apply, in agreement with the Supervisory Board of the Company, to the members of the management and supervisory bodies of the Company and of its subsidiaries (including employee representative(s)).

19.4. Where a subsidiary of the Group of Companies operates as a single service centre for the entire Group of Companies (or for individual companies within it), or where special requirements apply to the structure of the management and supervisory bodies of an individual company, when forming the management or, if necessary, the supervisory bodies, other principles consistent with or deriving from the law may apply (e.g. the principle of shareholder representation, the principle of determining the number of independent members, etc.).

**SECTION 5**

**MANAGEMENT AND CONTROL SYSTEM MODEL**

20. The activities of the Company and of the entire Group of Companies and their management are perceived as a set of interrelated processes. The essential purpose of the organisation and management of activities is the synergy effect of the activities of the Group of Companies by reconciling the different activities of the Group of Companies, by directing them in the most efficient way towards pursuing the common objectives of the entire group. A clear, group-wide integrated management and control system, which ensures the implementation of the principles of continuous improvement in the areas of all this system is a key precondition for achieving the corporate governance objective.

21. The principle of orientation to the result is applied by systematically setting the objectives for all the processes within the Group of Companies, from the parent company to each employee level. Accordingly, the principle of responsibility for performance is respected, i.e. the companies, units and employees are responsible for the results of ongoing processes.

22. The relevant (matrix) mechanism of the functional areas of the Group of Companies is designed for the application of corporate governance principles. It integrates in a comprehensive manner the key provisions – principles in certain areas of activity of the Group of Companies, and they are agreed upon.

23. Participants in the functional areas of the Group of Companies represent the Company and the subsidiaries. If necessary, other experts in the relevant field are contracted. The representatives (curators) appointed by the Management Board of the Company organise and coordinate within their competence the activities of the functional areas at the level of the Group of Companies.

24. Responsibilities of the functional areas:

24.1. formation and implementation of the key objectives, principles of the respective functional area, coordination of group-wide decisions in a given area and oversight of implementation;

24.2. cooperation of competences at the group level in the relevant area of knowledge;

24.3. formulation of policies and strategies in relevant functional areas, monitoring / forecasting trends and indicators of activities in functional areas;

24.4. planning, initiation, evaluation of changes prior to their submission for approval to the Board of an individual company or of the Company;

24.5. formation and implementation of mutual actions to increase operational efficiency and of their implementation principles in the relevant functional area;

24.6. exchange of information and practices in the relevant functional area to ensure performance improvement.

25. To ensure optimum mutual compatibility between the activities (processes) of individual companies, 4 process groups are distinguished in the integrated management and control system model of the Group of Companies:

25.1. Core activities;

25.2. Groups of processes that support activities;

25.3. Groups of performance evaluation and improvement processes;

25.4. Groups of management processes.

26. The processes in all process groups of each company within the Group of Companies (except for the core activity process group) are essentially identical (depending on the specific activity aspects of individual companies, the processes vary to some extent) and are related to the activity planning of a specific company, provision of resources, performance measurement and analysis, improvement actions and benchmarking aimed at the new planning cycle. The core activity processes of the relevant company constitute the object of the application of these processes.

27. The processes in the group of core activity processes correspond to the core activities of a particular company, i.e. each company of the Group of Companies has different processes.

28. When implementing corporate governance in the Group of Companies, the focus is made on the improvement of the processes in the groups of general processes at the level of the entire Group of Companies, i.e. they are centralized, coordinated with each other in all companies of the Group of Companies, process standards are set, good practices are shared, etc. The efficiency of the key processes (production or services) is sought individually in each company, or by assessing the entire value creation chain that is related to the implementation of the process.

**SECTION 6**

**ACCOUNTABILITY**

29. Timely, complete and accurate information is one of the key preconditions for effective corporate governance and transparency of the Group of Companies. The focus is made not only on collecting and publishing actual information about the companies’ performance for previous periods, but also on reasonable (plausible) forecasts which help to avoid negative consequences for the Group of Companies or its stakeholders.

30. The accountability and reporting system consists of two main parts:

30.1. financial information;

30.2. management information.

31. Financial information includes consolidated financial statements and indicators at the level of the entire Group of Companies. This information shall be published at the frequency and in the form prescribed in the manners that govern its presentation. Financial information ensures implementation of the requirements arising from the legislation governing the financial accountability of companies, as well as the awareness of shareholders, investors, and other stakeholders.

32. Management information is usually intended for internal use when decisions that pertain to performance management are adopted within the Group of Companies. Such information includes various areas of activity of the Group of Companies: plans, actual indicators, project implementation status, and the like.

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