

INTERNAL RULES OF THE AUDIT COMMITTEE OF AB “SANITAS”

GENERAL

1. The present Internal rules of the Audit Committee of AB “SANITAS” (hereinafter – the Company) (hereinafter - the Rules) define the rights and duties, the size, period of membership of the Audit Committee, requirements for education, professional experience of the members of the Audit Committee, principles of independence applied to the independent member of the Audit Committee, and other issues related to composition of the Audit Committee and work organization thereof.
2. The Rules and amendments to the Rules are approved by the resolution of General Shareholders Meeting.

PROCEDURE OF COMPOSITION OF THE AUDIT COMMITTEE

3. The Audit Committee shall consist of 3 (three) members, one of which is independent.
4. The members of the Audit Committee shall be elected by the General Shareholders Meeting at the proposal of the Board of the Company.
5. The term of office of the Audit Committee shall coincide with the term of office of the Board of the Company.
6. Any member of the Audit Committee shall have the right to resign upon submitting a 14 (fourteen) days written notice to the Board of the Company. After that term the member of the Audit Committee loses his rights and obligations without additional resolution of the General Shareholders Meeting or the Board of the Company. After receipt of written notice on resignation of the member of the Audit Committee and evaluation of all circumstances the Board of the Company
 - 6.1. convokes General Shareholders Meeting and proposes candidacy of the new member of the Audit Committee; or
 - 6.2. decides to leave position of resigned member of the Audit Committee vacant till next General Shareholders Meeting elects new member.
7. If circumstances because of which the Audit Committee member has to be revoked emerge, this member of the Audit Committee shall be revoked on the initiative of the Board and by the resolution of General Shareholders Meeting. If circumstances for revocation of Audit Committee member emerge, the Board of the Company
 - 7.1. convokes General Shareholders Meeting proposing to revoke respective member of the Audit Committee and suggesting candidacy of new member; or
 - 7.2. decides to postpone the issue of revocation of respective Audit Committee member and election of new Audit Committee member till the next Company General Shareholders Meeting.

REQUIREMENTS FOR THE MEMBERS OF THE AUDIT COMMITTEE

8. Persons with appropriate qualification shall be persons with university degree in economics, finances or law.
9. Persons with appropriate experience shall be persons with at least 3 (three) years of work experience in the sphere of finances, accounting or law. Independent member must have at least 5 (five) years of work experience in the sphere of accounting or finances.

10. Information and data confirming the qualification and experience of the person suggested as a member of the Audit Committee shall be provided to the General Shareholders Meeting by the body or shareholder suggesting to elect the person.

11. One member of the Audit Committee shall be independent. The person who is not bound by business, blood or other ties to the Company, the controlling shareholder or management that could give rise or may be the reason of a conflict of interests and who could affect the opinion of the member and who satisfies other criteria of independence specified hereunder shall be considered an independent member of the Audit Committee. The person suggesting the candidate of the independent member of the Audit Committee shall submit a written confirmation of the candidate stating that he is independent. In case it becomes known that the independent member of the Audit Committee submitted false data about himself or they changed and due to that this person can no longer be considered independent, such a member of the Audit Committee shall be revoked immediately by the resolution of the Board of the Company, and replaced by a new independent member of the Audit Committee under the procedure specified in clause 7 of the present Rules.

12. The key criteria for establishing whether the member of the Audit Committee can be considered independent are the following:

12.1. he cannot be the head of the Company and an associated company and could not have occupied such a position within the last 5 (five) years;

12.2. he cannot be an employee of the Company and an associated company and could not have occupied such a position within the last 3 (three) years;

12.3. he should not receive and could not have received significant additional remuneration from the Company and an associated company, except for remuneration for the post of the member of the Audit Committee;

12.4. he should not be a controlling shareholder, he should not represent any such a shareholder;

12.5. he should not have and has not had important business relations with the Company and an associated company within the last year neither directly nor as a partner, shareholder, head or employee of the administration of a subject with such relationships. A subject that is considered an important supplier of goods or services (including financial, legal, advisory and consultation services), a significant client or organization, which receives significant contributions from the Company or its group, shall be considered as a subject having business relations;

12.6. he cannot be and could not have been within the last 3 (three) years a partner or employee of the current or former audit company of the Company and an associated company;

12.7. he could not have occupied the position of a member of the Audit Committee of the Company for over 12 years;

12.8. he should not be a close family member of the head of the Company or the persons specified in paragraphs 12.1. through 12.6. The spouse (cohabitant), children and parents shall be considered close family members.

13. A company associated with the Company as specified in paragraph 12 shall be one which:

13.1. directly or indirectly controls the Company or is controlled by it;

13.2. has a significant influence on the Company;

13.3. jointly controls the Company under a joint activity agreement;

13.4. is controlled by the same legal or natural person (their group) as the Company;

13.5. is an associated company;

13.6. is a company controlled under a joint activity agreement;

13.7. is a company accumulating and at the end of the service paying pensions and other benefits.

FUNCTIONS, RIGHTS AND DUTIES OF THE AUDIT COMMITTEE

14. The main functions of the Audit Committee:

14.1. to provide the Board of the Company with recommendations related to selection, repeated appointment and cancellation of an external audit company as well as the terms and conditions of the agreement with the audit company;

14.2. to observe the process of carrying out an external audit;

14.3. to observe how the external auditor and audit company follow the principles of independence and objectivity;

14.4. to observe the process of preparation of financial reports of the Company;

14.5. to observe the efficiency of systems of internal control, risk management and internal audit, if such functions exist in the Company. Should there be no internal audit authority in the Company, the need for one should be reviewed at least annually;

14.6. to review efficiency of external audit process and responsiveness of management of the Company to recommendations and remarks made in the external auditor's management letter;

14.7. to fulfil other functions specified in the legal acts of the Republic of Lithuania and the recommendations of the Code of management of companies listed with NASDAQ OMX Vilnius, AB.

15. The Audit Committee shall inform General Shareholders Meeting about its activities at least 2 (two) times a year by submitting written reports. If General Shareholders Meeting is convoked only once a year, the obligation to inform General Shareholders Meeting about its activity for the second time a year is not applied.

16. The members of the Audit Committee shall:

16.1. act honestly, carefully and responsibly for the benefit and in the interest of the Company and shareholders taking into account the interests of employees and the welfare of the society;

16.2. follow the legal acts and the internal documents of the Company in performing their functions;

16.3. follow confidentiality requirements in performing their functions;

16.4. immediately inform other members of the Audit Committee and submit notice on resignation with respective explanations to the Board of the Company if circumstances because of which the Audit Committee member has to be revoked emerge.

17. The independent member of the Audit Committee shall under any conditions keep the independence of his analysis, decision-making and actions.

18. Upon fulfilling their duties the members of the Audit Committee shall have the following rights:

18.1. to select the course of activities and procedures using professional knowledge and skills;

18.2. to receive from the Company the necessary documents and/or their copies and information and use it;

18.3. to demand the Company to provide explanations, perform other necessary actions necessary for performing the functions of the Audit Committee;

18.4. to demand the employees of the Company to provide explanations in writing;

18.5. other rights specified in the present Rules and valid legal acts.

19. The Audit Committee shall have the right to invite the head of the Company, member(s) of the Board, the chief financier, employees responsible for finances, accounting and budget issues as well as external auditors to its meetings.

PROCEDURE OF WORK OF THE AUDIT COMMITTEE

20. The Audit Committee is a collegial body, taking decisions during meetings. The Audit Committee may take decisions and its meeting shall be considered valid, when at least 2 (two) members of the Committee participate in it. The decision shall be passed when at least 2 (two) of the participating members of the Audit Committee vote for it. The member of the Audit Committee may express his will – for or against the decision in question, with the draft of which he is familiar with – by voting in advance in writing. Voting in writing shall be considered equal to voting by telecommunication end devices, provided text protection is ensured and it is possible to identify the signature.

21. The right of initiative of convoking the meetings of the Audit Committee is held by all of the members of the Audit Committee. The other members of the Audit Committee shall 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).

22. The meetings of the Audit Committee shall not be recorded, and the taken resolutions shall be signed by all participating members of the committee. The resolution shall be written down and signed within 7 (seven) days from the day of the meeting of the Audit Committee.

23. The head of the Company shall ensure that:

23.1. the members of the Audit Committee shall be suitably introduced to the activities of the Company, shall be provided with exhaustive information related to peculiarities of accounting, finances and activities of the Company;

23.2. the Audit Committee shall be informed about the work program of external auditors and shall receive a report of the external auditor, describing all relations between the independent auditor and the Company and its group. The Audit Committee shall receive information about all issues related to audit in due time;

24. The Audit Committee performs the assessment of its activity once a year. The assessment includes evaluation of the Audit Committee structure, work organization and ability to act as a group and assessment whether the Audit Committee achieved its objectives.

25. The Audit Committee performs the review of conformity of the Audit Committee members to the requirements of the Rules twice a year. The review includes evaluation of independence of the independent member of the Audit Committee, qualification and professional experience of every member are reviewed.

26. Independent members of the Audit Committee may receive annual remuneration for their work in the committee at the rate approved by the General Shareholders Meeting.

General Manager

Saulius Jurgelenas