

S26: COUNCIL REGULATION

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1. GENERAL CONDITIONS

- 1.1. Council of AS Capitalia is supervisory institution that supervises operations and provides professional advice to the Board, representing the interests of the shareholders of the company.
- 1.2. Council Regulation has been developed in line with relevant Latvian legislation, corporate statutes and interests of the shareholders of Capitalia;
- 1.3. Situations and conditions that are not stipulated in this Council Regulation document Council is able to determine itself.

2. CONVENING OF COUNCIL MEETINGS

- 2.1. Council meetings are convened upon necessity but no rarer than once in three months, after end of each financial reporting quarter of Capitalia;
- 2.2. Council meetings are initiated by chairman of the Council by request of the Board two weeks in advance of the planned meeting. In urgent situations Council meeting can be initiated with two working day notice. The invitation to the Council meeting should include agenda (suggested by the Board), as well as proposed time and place of the meeting. Invitation should be sent electronically;
- 2.3. If agreed by majority of the Council members, Council meetings can be convened via teleconference or other electronic format;
- 2.4. Board is responsible for provision of all necessary support documents to the Council members no later than 1 week before the meeting;

3. DECISIONS OF COUNCIL

- 3.1. Council has necessary quorum to made decisions if more than half of Council members are present. If Council meeting has not reached necessary quorum, new Council meeting should be initiated in 7 (seven) day period;
- 3.2. Board members are allowed to participate in all Council meetings;
- 3.3. Council meetings are opened and managed by chairman of the Council, while in his absence – by vice chairman. All decisions of the meeting as well as protocol of the meeting is recorded by a person designated by the chairman of the Council;
- 3.4. Council meetings are started by going through decisions of the previous meetings. Following that, other items on the agenda are discussed and such can include review of financials, strategy and other operating matters of Capitalia;
- 3.5. If any of the Council members has conflict of interest with regards to any of the topics discussed in the agenda, he/she should abstain from voting on such matter and disclose to other Council members on the conflict of interests situation;
- 3.6. Each Council member has one vote and decisions are made with simple majority vote. In case if votes for and against are distributed evenly, the decisive vote should be made by the chairman of the Council;
- 3.7. Council member can give his/her vote to other council member with written document and in such situation the vote of the absent Council member should be counted;
- 3.8. All documents necessary for the convening of the meeting, as well as historic decisions and protocols of the Council meetings are available to all Council members and are stored in a cloud storage solution as determined by the Board;
- 3.9. Council meetings should be convened in Latvian language.

4. COUNCIL MEETING PROTOCOLS

- 4.1. Council meeting protocols are to be prepared in Latvian language;
- 4.2. Protocols are signed by all of the participating Council members by the start of the following Council meeting;
- 4.3. Protocols (scanned signed versions) are stored electronically on the cloud solution server, while originals are stored in Capitalia premises;
- 4.4. Board is responsible for implementation of the decisions made by the Council.

5. CONFIDENTIALITY

- 5.1. All information and documents that are received, reviewed and created by the Council are deemed confidential. In case a Council member ends its duties in the Council, all of the materials and information received as part of performance of such Council duties should be returned to the Board of Capitalia in no later than 7 (seven) days after ending the Council member position.

Approved in Council meeting PP-1-2014

Riga, April ●, 2014