

**THE STATUTE OF  
ISM UNIVERSITY OF MANAGEMENT AND ECONOMICS, UAB**

**Article 1. General provisions**

- 1.1. ISM University of Management and Economics, UAB (hereinafter referred to as the University) is a non-governmental institution of higher education and research engaged in training specialists with higher education and having an authorised capital divided into shares.
- 1.2. The University has autonomy as defined by laws and this Statute, and economic-commercial, financial and organisational independence. The University has a seal bearing the name of the University.
- 1.3. The University shall act in accordance with the Civil Code of the Republic of Lithuania, the Law of the Republic of Lithuania on Companies and the Law of the Republic of Lithuania on Higher Education and Research, other laws and legal acts, this Statute, and other internal regulations of the University.
- 1.4. The University is organised as a private limited liability company (acronym – UAB). The University has a legal personality with limited civil liability. The University shall be liable for its obligations only for the value of its own assets. Shareholders' liability for obligations of the University shall be limited to the amount payable by them for their shares.
- 1.5. The University's registered address: Aušros Vartų Street 7A, Vilnius, Republic of Lithuania.
- 1.6. The University's financial year runs from 1 August to 31 July.
- 1.7. The University is established for an indefinite period of time.

**Article 2. Goals, objectives, areas and types of the University's activities**

- 2.1. The University shall organize studies, provide qualifications requiring higher education, conduct and apply research, accumulate and disseminate academic knowledge, develop creative activities and culture, and foster traditions of the academic community. In its activities, the University shall be guided by the principle of unity of research and higher education, academic freedom and autonomy laid down in this Statute and the laws.
- 2.2. The key goals and objectives of the University shall be as follows:
  - 2.2.1. to provide education and training in business and management, economics and related fields;
  - 2.2.2. to develop fundamental and applied research in the relevant fields;
  - 2.2.3. to be innovative in teaching and learning practices;
  - 2.2.4. to be recognized as an internationally oriented business school;
  - 2.2.5. to promote ethical, responsible and sustainable management practices and a culture of creativity and innovation;

- 2.2.6. to be financially sustainable.
- 2.3. The University shall be guided by the following principles in implementing its goals:
  - 2.3.1. contribution to society;
  - 2.3.2. academic freedom;
  - 2.3.3. integration into national and international academic communities;
  - 2.3.4. integration of teaching and research.
- 2.4. The University shall carry out legal academic-commercial activities in the following main areas:
  - 2.4.1. higher education in business and management, economics and other relevant fields;
  - 2.4.2. adult education and other education not listed elsewhere;
  - 2.4.3. research and development in business and management, economics and other related fields;
- 2.5. The University may perform other activities not specified above provided that this is in line with the University's objectives and laws. The University may carry out activities that are subject to licensing or regulation only provided that it has obtained the relevant licences and/or permissions.

### **Article 3. Main principles of organisation of research and studies**

- 3.1. The University shall predominantly provide university education and do this in accordance with the Law of the Republic of Lithuania on Research and Higher Education and other legislation of the Republic of Lithuania. The University shall conduct research under university education programmes. Studies offered at the University shall be conducted in full-time and part-time format. The University shall admit students according to laws and regulations set in the law on Research and Higher Education and other applicable legal acts.
- 3.2. To a student who has successfully completed a degree programme in any of the three cycles, the University shall issue a diploma of a pre-defined format attesting to this.
- 3.3. The University shall charge a tuition fee. The tuition fee shall be determined by the Board at the Rector's proposal. Other fees related to studies may be charged by a resolution of the Board of the University.
- 3.4. The quality of research and studies shall be assured through the University's quality assurance systems and, where appropriate, external assessment and accreditation.
- 3.5. Students' rights, duties and responsibilities; expulsion. Setting up commissions for settling disputes between students and administrative and other staff; examination of disputes and enforcement of decisions.
  - 3.5.1. Persons who have been admitted to the University to study in a selected degree programme and who have signed an agreement and have been enrolled, by an order of the Rector in the list of the students, shall be considered as degree

students of the University. Persons who study course units (modules) at the University, have signed a study agreement and comply with all the obligations provided for in the agreement shall be considered as non-degree students. All provisions of this Statute shall be applicable to degree students, and shall be applied *mutatis mutandis* to non-degree students.

### 3.5.2. Rights and obligations of students:

3.5.2.1. One the most important aims of the University is to support its students so that their studies to the highest extent available while sticking to the advanced scientific and technological developments. The manners how this general aim is to be exercised in the daily operations shall be established by internal regulations of the University.

3.5.2.2. Students shall have the rights and obligations established by the laws of the Republic of Lithuania.

3.5.2.3. Other rights and obligations of the students shall be set forth in studies agreements with the University, relevant study regulations and internal regulations of University, approved by the Rector.

### 3.5.3 Rules of settling disputes and imposing sanctions:

3.5.3.1 Students may lodge complaints about violation of their legitimate interests and rights to the Rector of the University. Such complaints shall be made in writing and must be examined within 15 (fifteen) calendar days.

3.5.3.2 The University shall set up a dispute settlement commission to settle disputes between the University's administration and students. The commission shall be set up and shall act on an ad hoc basis. A dispute settlement commission shall be set up when a student is not satisfied with the response of the Rector of the University or another person authorised by the Rector to the student's claim or complaint or when the student does not receive any response to his/her claim or complaint within the fixed period of time. The commission must be formed of the equal number of representatives of the University's administration and the students' representative body.

3.5.3.3 The dispute settlement commission shall act and examine disputes in compliance with regulations approved by the Board. Responsibility for setting up a dispute settlement commission and for enforcing its decisions shall lie with the Rector of the University.

3.5.3.4 The Rector of the University may impose the following disciplinary sanctions on students for failure to respect their duties: admonition, reprimand, strict reprimand, expulsion from the University. Imposition of disciplinary sanctions shall be governed by laws and relevant study regulations.

3.5.4 A student may be expelled from the University for a serious violation of laws, this Statute and internal rules, for failure to satisfy the requirements of the study programme or for breach of the study agreement.

## **Article 4. Authorised capital and shares of the University**

4.1. The University has an authorised capital of EUR 17,365.20 (seventeen thousand three hundred sixty-five euros and twenty cents). The authorised capital is divided into

59,880 (fifty-nine thousand eight hundred and eighty) non – material ordinary registered shares of the nominal value of EUR 0.29 (twenty-nine cents) per share.

### **Article 5. Shareholders' rights**

- 5.1. Every ordinary registered share entitles the shareholder to one vote at the general meeting of shareholders of the University (hereinafter referred to as the General Meeting), unless otherwise provided in laws.
- 5.2. Shareholders shall have the following property rights:
  - 5.2.1. receive a certain share of the University's profit (dividends);
  - 5.2.2. receive the University's funds when the University's authorised capital is reduced for the purpose of payment of the University's funds to the shareholders;
  - 5.2.3. receive a share of assets of the University in the case of liquidation;
  - 5.2.4. receive shares without payment if the authorised capital is increased out of the University's funds, except in the cases specified in laws;
  - 5.2.5. to have the pre-emption right in acquiring shares or convertible bonds newly issued by the University, unless the General Meeting decides to withdraw the pre-emption right from all the shareholders in accordance with this Statute;
  - 5.2.6. lend funds to the University in the manner laid down in laws and subject to limitations placed by laws;
  - 5.2.7. have other property rights established in laws and this Statute.
- 5.3. Shareholders shall have the following non-property rights:
  - 5.3.1. participate and vote in the General Meeting, unless otherwise specified in laws and this Statute;
  - 5.3.2. submit, as provided for in laws, questions to the University in advance about items on the agenda of the General Meeting;
  - 5.3.3. cast "for" or "against" votes carried by their shares on resolutions proposed at the General Meeting;
  - 5.3.4. receive information on the University as provided for in laws;
  - 5.3.5. lodge a complaint to a court against decisions or actions of the General Meeting, the Board of the University (hereinafter referred to as the Board) or the Rector of the University;
  - 5.3.6. to file a claim with a court for damages to the University resulting from failure by members of the Board or the Rector of the University to discharge their duties properly, or in other cases specified in laws;
  - 5.3.7. pass their rights to vote at the General Meeting to any third person. This transfer of voting rights must be notified to the Rector of the University by delivering to the Rector a copy of the respective contract and/or proxy within 7 (seven) calendar days of the date of signature of the respective document;

5.3.8. other non-property rights established in laws and this Statute.

### **Article 6. Management bodies of the University**

- 6.1. The University shall have the following management bodies: the general meeting of shareholders (hereinafter referred to as the General Meeting), the Board as a collegial management body, and the chief executive of the University – the Rector – as a single-person management body.
- 6.2. The General Meeting shall be the supreme body of the University.
- 6.3. The University shall not have a supervisory board.
- 6.4. The Rector shall normally be supported by the appointment of a Deputy Chief Executive Officer by the Board.
- 6.5. The Rector shall have advisory institutions – the Senate and the Advisory Board.
- 6.6. The University may have other advisory bodies formed by the Board’s resolution.

### **Article 7. The General Meeting**

- 7.1. The General Meeting shall have the exclusive right to:
  - 7.1.1. make amendments to the Statute of the University, subject to exceptions specified in laws;
  - 7.1.2. change the University’s registered address;
  - 7.1.3. elect members of the Board;
  - 7.1.4. recall the Board and its members;
  - 7.1.5. select and recall an auditing company for auditing annual financial statements, and set the terms and conditions for payment for the auditing services;
  - 7.1.6. determine the class, number, nominal value and minimal price of shares issued by the University;
  - 7.1.7. take a decision to convert the University’s shares from one class into another and adopt the conversion procedure;
  - 7.1.8. approve annual financial statements;
  - 7.1.9. take a decision to change the University’s share certificates into shares;
  - 7.1.10. take a decision on profit (loss) distribution;
  - 7.1.11. take a decision on the formation, use, reduction and liquidation of reserves;
  - 7.1.12. take a decision to issue convertible bonds;
  - 7.1.13. take a decision to withdraw, from all shareholders, the right of pre-emption in acquiring the University’s shares or convertible bonds of a specific issue;
  - 7.1.14. take a decision to increase the authorised capital;

- 7.1.15. take a decision to reduce the authorised capital, subject to exceptions specified in laws;
  - 7.1.16. take a decision for the University to purchase its own shares;
  - 7.1.17. take a decision to reorganise or split the University and approve the terms of the reorganisation or split;
  - 7.1.18. take a decision to transform the University;
  - 7.1.19. take a decision to restructure the University;
  - 7.1.20. take a decision to liquidate the University or to recall liquidation, subject to exceptions specified in laws;
  - 7.1.21. elect and recall the liquidator of the University, subject to exceptions specified in laws.
- 7.2. The procedure for convening the General Meeting is equivalent to the procedure laid down in laws, except for the notice of the meeting. Additionally, the notice about the General Meeting may be sent to the shareholders by e-mail and regular mail no later than 21 days prior to the General Meeting.
- 7.3. The General Meeting may take decisions and shall be considered valid if attended by shareholders holding more than 1/2 (half) of all votes.
- 7.4. Adoption of decisions at the General Meeting:
- 7.4.1. A decision of the General Meeting shall be considered adopted when the number of “for” votes exceeds the number of “against” votes and the number of “for” votes accounts for more than a half of the votes held by the shareholders present at the meeting, except for the decisions specified in subparagraphs 7.4.2 to 7.4.4 below.
  - 7.4.2. Decisions of the General Meeting which elects the Board of the University shall be adopted in accordance with the procedure laid down in laws.
  - 7.4.3. The following decisions shall be adopted by a 2/3 (two-thirds) majority of votes of the shareholders present at the General Meeting:
    - 7.4.3.1. Decision to amend the Statute of the University;
    - 7.4.3.2. Decision to determine the class, number, nominal value and minimal price of shares issued by the University;
    - 7.4.3.3. Decision to convert the University’s shares from one class into another and adopt the conversion procedure;
    - 7.4.3.4. Decision on profit (loss) distribution;
    - 7.4.3.5 Decision on the formation, use, reduction and liquidation of reserves;
    - 7.4.3.6 Allocate dividends for a period shorter than the financial year;
    - 7.4.3.7. Decision to issue convertible bonds;
    - 7.4.3.8 Decision to increase the authorised capital;

7.4.3.9 Decision to reduce the authorised capital;

7.4.3.10. Decision to reorganise or split the University and to approve the terms of the reorganisation or split;

7.4.3.11 Decision to transform the University;

7.4.3.12 Decision to restructure the University;

7.4.3.13 Decision to liquidate the University or to recall liquidation.

7.4.4. A resolution to withdraw, from all shareholders, the right of pre-emption in acquiring the University's shares of a specific issue shall be adopted by a 3/4 (three-fourths) majority of votes of the shareholders present at the General Meeting.

7.5. A shareholder of the University shall have the right to delegate another person to vote in his/her name at the General Meeting and perform other legal actions. Shareholders may vote in writing by filling in a ballot paper. The filled-in general ballot paper may be transferred to the University by electronic means provided that security of the information transmitted in this way is ensured and the shareholder's identity can be established. The University may provide a possibility for its shareholders to attend the General Meeting and vote by electronic means.

7.6. General Meetings shall be minuted in accordance with the procedure laid down in laws.

7.7. Where all shares of the University are held by a sole natural or legal person, the shareholder's written decisions shall have the same power as decisions taken by the General Meeting.

### **Article 8. The Board of the University**

8.1. The Board shall be formed of 8 (eight) members. The number of members of the Board shall be determined and the Board shall be elected by the General Meeting in the manner prescribed by laws and paragraph 8.5 of this Statute.

8.2. The Board shall be elected for the period of 2 (two) years.

8.3. The Board shall become functional from the moment of closure of the General Meeting which has elected it, unless a later date has been specified in a resolution of the General Meeting. The Board shall be functional until the date specified in the Statute or until a new Board is elected and becomes functional but in any case no longer than until the ordinary General Meeting convened in the last year of the Board's term of office.

8.4. The Chair of the Board shall be appointed by the majority shareholder.

8.5. The Board members shall be elected by General Meeting of the Shareholders from the following candidates:

8.5.1. One candidate shall represent each shareholder of the University;

8.5.2. Two additional candidates shall be appointed by the majority shareholder;

8.5.3. One candidate shall be a member of ISM Advisory Board.

8.5.4. Two candidates shall be prominent international personalities (one of them shall

- be appointed as a Chair).
- 8.6. The General Meeting may recall the Board as a whole or its individual members prior to expiry of its term of office.
  - 8.7. The Board shall appoint and recall the Rector of the University, set his/her salary and other terms of the employment.
  - 8.8. The Board shall consider and approve:
    - 8.8.1. the University's strategy and associated strategic plans;
    - 8.8.2. the University's annual and interim report;
    - 8.8.3. recommendations to the General Meeting regarding the annual and interim report and financial statements;
    - 8.8.4. the University's framework management structure and employee job positions;
    - 8.8.5. job positions to which employees shall be recruited through competition;
    - 8.8.6. regulations of the University's branches and representative offices;
    - 8.8.7. regulations of the Senate of the University;
    - 8.8.8. other issues which are established in the work regulations of the Board.
  - 8.9. The Board shall examine and assess information submitted by the Rector of the University on:
    - 8.9.1. the implementation of the University's strategy and performance against plans;
    - 8.9.2. the organisation of activities of the University;
    - 8.9.3. the financial status of the University;
    - 8.9.4. economic results, income and cost estimates, accounting data on changes in the inventory and other assets of the University.
  - 8.10. The Board shall examine and assess annual financial statements of the University and proposals concerning profit/loss distribution and shall submit them to the General Meeting together with the annual statement of the University.
  - 8.11. The Board shall adopt the following decisions:
    - 8.11.1. decisions relating to monitoring that the University meets all regulatory and legal requirements and that it acts in a socially responsible manner;
    - 8.11.2. decisions on which information shall be considered to constitute the University's commercial (industrial) secret and shall be held confidential;
    - 8.11.3. decisions allowing the University to be incorporated in, or participate in, other legal entities;
    - 8.11.4. decisions on the formation, remit and procedures for its sub-bodies such as the Advisory Board, Faculty Council, Student Council, etc.;



- 8.11.5. decisions to establish branches or representative offices of the University;
  - 8.11.6. decisions to invest, transfer or lease out for the benefit of the University fixed and liquid assets the book value whereof exceeds EUR 30,000 (thirty thousand euros) (calculated individually for each type of transaction);
  - 8.11.7. decisions to pledge or mortgage fixed and liquid assets the book value whereof exceeds EUR 30,000 (thirty thousand euros) (calculated for the total amount of transactions);
  - 8.11.8. decisions to offer surety or guarantee for the discharge of obligations of third parties the amount whereof exceeds EUR 30,000 (thirty thousand euros);
  - 8.11.9. decisions to acquire assets for a price higher than EUR 30,000 (thirty thousand euros);
  - 8.11.10. decision to acquire fixed assets from funding granted by state and municipal institutions, international organizations, funds and third parties for a price higher than EUR 5,000,000 (five million euros);
  - 8.11.11. decisions to issue bonds;
  - 8.11.12. decisions to restructure the University in the cases provided for in laws;
  - 8.11.13. decision to approve the job description of the Deputy Chief Executive Officer, his/her salary and other employment conditions; decision to approve the Rector's order to grant bonus or to impose disciplinary sanctions to the Deputy Chief Executive Officer;
  - 8.11.14. decision to approve the Rector's decision to issue a procuration;
  - 8.11.15. other decisions ascribed to the competence of the Board by laws, this Statute or decisions of the General Meeting.
- 8.12. The Board shall be responsible for a timely convening and organisation of the General Meeting.
- 8.13. The Board shall carry out its tasks in accordance with the rules of procedure adopted by the Board. The Board may adopt decisions and its meeting shall be considered valid if at least 2/3 (two-thirds) of members of the Board participate in the meeting.
- 8.14. The Board must invite the Rector and the Deputy Chief Executive Officer of the University to its meetings (who are not normally members of the Board), and give access to the relevant information on items of the agenda.
- 8.15. Members of the Board must protect the University's commercial secrets.
- 8.16. Members of the Board shall be liable for their actions in accordance with laws.

### **Article 9. The Rector of the University**

- 9.1. The Rector of the University shall organise and lead the University in its activities.
- 9.2. The Rector of the University shall perform the following functions provided for in his/her job description and approved by the Board and/or the General Meeting:

- 9.2.1. ensure that the University acts in compliance with laws, this Statute and other legal acts;
- 9.2.2. organize the University's activities and implement its objectives;
- 9.2.3. issue orders to regulate the University's activities;
- 9.2.4. employ and dismiss employees, announce job competitions, conclude and terminate job agreements, decide on bonuses, impose sanctions and make information about this publicly available;
- 9.2.5. admit and expel students and decide on granting reliefs from the tuition fee and/or on providing student grants in accordance with guidelines adopted by the Board of the University;
- 9.2.6. motivate students and impose disciplinary sanctions, and make information about this publicly available;
- 9.2.7. issue orders to execute resolutions of the Senate;
- 9.2.8. open and close the University's bank accounts and use the University's funds kept in the accounts;
- 9.2.9. represent the University in courts, arbitration and other institutions as well as in its relations with third parties;
- 9.2.10. issue the procuration with the prior approval of the Board;
- 9.2.11. ensure protection of the University's property, creation of normal working conditions for the University's employees, protection of the University's commercial secrets;
- 9.2.12. be responsible for the University's financial activities and proper management and use of its assets;
- 9.2.13. be responsible for the compilation of the University's annual financial statements and the preparation of the University's annual statement;
- 9.2.14. be responsible for the submission of information and documentation to the General Meeting and the Board on request and as required by laws;
- 9.2.15. report to the Board on the University's activities for the past 3 (three) months or at such intervals as the Board may request;
- 9.2.16. be responsible for the publication of information as required by laws;
- 9.2.17. submit relevant information to shareholders;
- 9.2.18. be responsible for handling shareholders' personal securities accounts and for maintaining the list of the University's shareholders;
- 9.2.19. take care of the quality of higher education, research, cultural and artistic activities offered by the University;
- 9.2.20. maintain contacts with other higher education institutions of the Republic of

Lithuania and foreign countries, organise academic and student exchanges;

9.2.21. perform other functions specified in laws, this Statute and decisions of the General Meeting and/or the Board and decide on other issues pertaining to the University's activities other than those ascribed by laws or this Statute to the competence of other management bodies of the University.

- 9.3. The Rector shall appoint his/her deputies – Vice Rectors.
- 9.4. In his/her absence, the Rector shall be substituted by the Deputy Chief Executive Officer, a vice-rector designated by an order of the Rector.
- 9.5. The Rector shall convene meetings of the Deputy Chief Executive Officer, the vice-rectors, the Chair of the Senate and heads of structural units of the University to exchange information on activities and strategies of structural units of the University.
- 9.6. The Rector of the University shall be appointed and recalled, and his/her salary and other terms of the employment shall be set by the Board of the University.
- 9.7. The Rector of the University shall have the right to conclude (sign) transactions on behalf of the University in accordance with this Statute, resolutions of the General Meeting and/or the Board, and the Rector's job description. Transactions specified in subparagraphs 8.11.6 to 8.11.14 of this Statute may be concluded by the Rector only subject to the relevant decision of the Board. The Rector may issue the procuration and authorise other persons to conclude (sign) transactions on behalf of the University only after prior approval of the Board is received.
- 9.8. The Rector shall be liable for his/her actions in accordance with laws.

## **Article 10. Advisory and self-government institutions**

### **10.1. The Senate of the University**

10.1.1. The Senate shall advise the Rector in shaping the University's strategy for studies and research and has authority to approve matters concerning degrees.

10.1.2. The number of members of the Senate shall be fixed and the election procedure described in the regulations of the Senate. Students must account for at least 10% of membership in the Senate. Students shall be delegated to the Senate by the students' representative body. Lecturers working as professors must account for at least 1/2 of membership in the Senate.

10.1.3. The Chair of the Senate shall be approved or recalled by the Senate at the Rector's proposal.

10.1.4. A member of the Senate may be recalled prior to the expiry of his/her term of office by a majority of votes cast in a voting initiated by the Senate.

10.1.5. The Senate's activities shall be governed by regulations approved by the Board.

### **10.2. The Advisory Board**

10.2.1. The Advisory Board shall advise the Rector in shaping the University's business strategy and deciding on other issues within the scope of its competence.

10.2.2. The Advisory Board shall strengthen relations between the University and business partners, and be guided in this by principles of social responsibility.

10.2.3. The Advisory Board shall consist of prominent Lithuanian and foreign personalities representing business, politics and culture.

10.2.4. The Advisory Board shall meet at least twice a year. Normally, its meetings shall be convened by the Deputy Chief Executive Officer of the University.

10.2.5. The composition of the Advisory Board shall be approved for the period of 2 (two) years by the Board at the proposal of the Deputy Chief Executive Officer of the University.

10.2.6. A member of the Advisory Board may be recalled prior to the expiry of his/her term of office by a majority of votes cast in a voting initiated by the Advisory Board.

10.2.7. The Advisory Board's activities shall be governed by regulations approved by the Board.

### **10.3. Staff of the University, their rights, duties and responsibilities**

10.3.1. One the most important aims of the University is to support its staff at its best possible extent to encourage and empower its employees for provision of best services to the students. The manners how this general aim is to be exercised in the daily operations shall be established by internal regulations of the University.

10.3.2. The staff of the University shall consist of academic and administrative personnel.

10.3.3. The staff of the University shall have all rights and obligations established by the Law of the Republic on Higher Education and Research.

10.3.4. The academic, qualification and other requirements for the staff, formation of the staff, other rights and obligations of the staff shall be regulated in internal regulations of the University, approved by the Rector.

### **Article 11. Sources of income, use of property and funds of the University**

11.1. The University shall own property acquired legally for ensuring the functioning of the University, also funds collected as tuition fees, financial resources, securities, intellectual products (inasmuch as they do not infringe the copyright), and other legally acquired assets.

11.2. The University's property and funds shall be managed and their use decided by the Rector of the University in accordance with this Statute and decisions of the General Meeting and the Board. The University shall use its property and funds in compliance with laws. The University's staff and students shall use the University's property in compliance with the internal rules (regulations).

11.3. The University shall have the following sources of income:

11.3.1. tuition fees, income from other services and contractual works;

11.3.2. interest accruing for funds held in credit institutions;

11.3.3. funds raised in events organized by the University, funds received from publishing activities, economic operations and other activities carried out by the University;

11.3.4. other legally acquired funds.

11.4. Net profit after taxes earned by the University in a financial year shall be distributed by a decision of the General Meeting no later than within 4 months from the end of the financial year, at the time of approving annual financial statements.

### **Article 12. Audit of the University**

12.1. Where laws require that the University's annual financial statements be audited, as well as in other cases determined by the General Meeting, the General Meeting shall select an auditing company (auditor) to conduct financial control of the University's activities for the period determined by the General Meeting.

12.2. After the end of a financial year but before the next ordinary General Meeting, the auditing company (auditor) selected by the General Meeting shall, in the cases laid down in laws as well as where the auditor has been designated by the General Meeting, audit the University's annual financial statements.

12.3. The auditing company (auditor) selected by the General Meeting must protect the University's secrets learned in the course of discharging the auditing functions.

12.4. The auditing company (auditor) selected by the General Meeting shall be liable in accordance with laws for unsatisfactory control of the University's activities and for concealing flaws in the activities. The Rector shall make sure that the auditor is given access to all documents of the University required for the audits specified in the contract with the auditing company.

### **Article 13. Establishment and closure of branches and representative offices of the University**

13.1. The University's branches and representative offices shall be established and/or closed by a decision of the Board. The number of branches and representative offices of the University is not limited.

13.2. The University's branches and representative offices shall act in compliance with their respective regulations approved by the Board.

13.3. Heads of the University's branches and representative offices shall be appointed or recalled by a decision of the Board and in accordance with regulations of the respective branch or representative office approved by the Board.

### **Article 14. Publication of notices**

14.1. Notices, information and other documents related to the convening of the General Meeting, also notices and information on re-organisation or liquidation of the University, as well as resolutions of the General Meeting, other notifications and documents that must be made available to shareholders and/or other persons as required by laws, shall be sent in a registered letter or delivered by hand against signature certifying the receipt. In the case of urgency, notices may be sent by fax, followed by a registered letter or hand-delivery against signature certifying the receipt, unless this

contradicts the imperative provisions of legal acts of the Republic of Lithuania.

- 14.2. Notices of the University shall be sent within periods fixed in legal acts of the Republic of Lithuania or, where such periods are not fixed, no later than within 15 (fifteen) days from the date of adoption of the respective resolution or other document or from the date of delivery of information to the Rector of the University.
- 14.3. The Rector shall be responsible for the timely dispatch of notices.
- 14.4. Notices to shareholders and other persons shall be sent to the most recent address specified by them. A shareholder must inform the University of any changes in the address (registered office) in advance.
- 14.5. A notice which may not be sent to a shareholder in a registered letter or delivered by hand against signature certifying the receipt because the address (registered office) of the shareholder is not known and reasonable efforts to find out the address have been unsuccessful or due to other reasons beyond the University's control, also any other notices of the University that must be made public in accordance with laws, shall be published in the daily "Lietuvos rytas".

#### **Article 15. Delivery of documents of the University and other information to shareholders**

- 15.1. At a shareholder's written request, the University shall give access and/or deliver to the shareholder copies of the following documents no later within 7 (seven) days from the date of receipt of the request: the University's Statute, annual financial statements, the University's annual statements, audit opinions and audit reports, minutes of General Meetings and other documents setting out decisions of General Meetings, lists of shareholders, lists of members of the Board, other documents of the University that must be made public in accordance with laws, minutes of meetings of the Board and other documents setting out decisions of the Board, unless these documents contain commercial (industrial) secrets of the University or other confidential information. The list of shareholders of the University delivered to the shareholders must give the latest information possessed by the University on the shareholders' names (as natural or legal persons), legal forms, codes, registered addresses, numbers of shares of the University owned by the shareholders, and shareholders' addresses for correspondence. A shareholder or a group of shareholders holding 1/2 (half) or more of the shares of the University shall have the right of access to any documents of the University provided that they make a written pledge in a pre-defined format not to disclose commercial (industrial) secrets or other confidential information. The University may deny access to documents and/or refuse to provide copies thereof to a shareholder whose identity cannot be established. The denial of access to documents and/or refusal to provide copies thereof to a shareholder shall be made in writing if the shareholder requests so. All disputes related to a shareholder's right of access to information shall be settled in courts.
- 15.2. The University's documents and other information or copies thereof shall be delivered to shareholders at the University's principal office. Responsibility for the delivery of the University's documents and other information to shareholders and other persons shall lie with the Rector of the University.
- 15.3. The University's documents and other information shall be delivered to shareholders

free of charge.

**Article 16. The procedure for amending the Statute**

- 16.1. The right to initiate amendments to the Statute of the University shall be vested in the Rector, the Board, and the General Meeting of the University. The amended statute shall be approved by the General Meeting in accordance with the procedure laid down in this Statute.
- 16.2. The amended statute of the University shall come into effect from the moment of its registration in the prescribed manner with the Register of Legal Entities.
- 16.3. Any issues related to the University's activities that are not covered in this Statute shall be dealt with in accordance with laws and other legal acts.



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**ISM University of Management and Economics, UAB**

President Alfredas Chmieliauskas

Signed on April 18, 2016.