

Latvenergo Group Corporate Social Responsibility Policy

1. Policy Objective

To define activities and operating principles in the field of corporate social responsibility (hereinafter – CSR), which are the most suitable for Latvenergo Group's (hereinafter – the Group) business directions in order to promote the Group's competitiveness and sustainable development.

2. Sustainable Development

Recognizing the role of the Group's companies in sustainable development, the Group in its operation is committed to processes, products and services that contribute to the United Nations (UN) Sustainable Development Goals 2030 (hereinafter – SDG) as adopted on 25 September 2015. In assessing the potential to contribute to the achievement of SDG, the Group prioritizes the following goals:

- SDG 7 - ensure access to affordable, reliable, sustainable and modern energy for all;
- SDG 9 - build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation;
- SDG 13 - take urgent action to combat climate change and its impacts.

The Group also contributes to the achievement of other SDGs, including through implementation of activities within the CSR directions as set out in this policy.

3. Principles of Stakeholder Engagement

The Group organizes cooperation with stakeholders taking into account the AA 1000 Stakeholder Engagement Standard – a pattern of the best practice for quality stakeholder engagement, both at a strategic and operational level.

The Group's cooperation with stakeholders is based on the following principles:

- materiality - evaluation of mutually material topics of cooperation;
- participation - engagement of stakeholders in solving topical issues;
- responsiveness - timely response to the views and needs of stakeholders.

Cooperation between the Group and stakeholders takes place on several levels:

- consultation – identification of current issues;
- negotiation – participatory discussions;
- involvement - participation in joint activities, development of solutions and action plans;
- collaboration – joint decision-making and co-operation.

The Group regularly reviews the opinions of stakeholders on the existing cooperation and material aspects for Latvenergo Group sustainability, as well as discusses proposals to improve the Group's performance.

4. Principles of CSR

The Group conducts its business in a manner responsible towards environment, its employees and the public. The CSR activities comply with the Group's values (responsibility, efficiency, openness) and the Group's employees and society are involved in the implementation of these activities.

The Corporate Social Responsibility of the Group is implemented on the basis of the following principles set out in the ISO26000 Social Responsibility Standard:

- identification of stakeholders' needs;
- ethical conduct;
- transparency;
- regular reviews and reports to stakeholders;
- compliance with international norms;
- legally binding and voluntary liability for own impact.

The Group implements CSR in the following forms:

- non-financial reporting on the basis of internationally recognized reporting guidelines (GRI – Global Reporting Initiative);
- stakeholder engagement;
- donations;
- provision of information and education;
- scholarships and internships;
- the Energy Museum;
- research & development;
- voluntary work.

According to the Group's mid-term strategy, the Group chooses to engage in CSR activities which meet one or several of the following criteria:

- comply with the Group's long-term strategic objectives and contribute to their achievement;
- correspond to the Group's operational directions, raise public awareness of current events in these directions;
- comply with the Group's CSR directions;
- have a substantial long-term impact and provide social benefits, as well as continue ongoing support programmes or programmes that have already been implemented upon assessment of their relevance;
- are implemented on a large scale;
- facilitate involvement of a wide range of social groups, as well as the Group's employees;
- ensure mutually rewarding long-term relationships with project implementers and all stakeholders;
- the costs are proportional with the expected economic effect (both short and long term);
- the contractor has sufficient experience in implementation of activities;
- offer advantages over alternative methods for achievement of the intended objectives;
- has a communication potential, and it is not necessary to invest disproportionate additional means to ensure communication;
- help to increase the brand value and improve the Group's image. Within the framework of a single project, the reputation of organizers and other supporters must not conflict with the values and character of the Group's companies and brands.

The Group does not support:

- activities with the vaguely defined principles and / or questionable public importance;
- activities oriented towards selfish, mercantile interests;
- activities of religious and / or political content or activities that may be associated with such content.

5. CSR directions

In order to support the best CSR practices and improve public welfare, the Group implements its CSR activities in the following directions:

5.1. Science and Education

In order to facilitate the development of science and education in the field of energy, the following tasks are being implemented in cooperation with industry experts:

- to promote young people's interest in exact science-related subjects and engineering professions;
- to support young people's excellence in the field of exact sciences;
- to supplement the teaching materials for schoolteachers;
- to support researchers' and teachers' scientific work in the field of energy;
- to raise public awareness of energy efficiency.

5.2. Raising Public Awareness of Electrical Safety

Raising public awareness of electrical safety is one of the CSR priorities of the Group's company Sadales tīkls AS. In cooperation with educational institutions and experts, the following activities are implemented each year:

- projects on electrical safety for children and young people, with a particular attention paid to ensuring that the information is appropriate for each age group;
- educational projects for people engaged in business operations, logging and agricultural work, urging them to take care of their own safety and the safety of those around them and to comply with electrical safety rules when working near electricity lines.

5.3. Environmental Protection

In the field of environmental protection, the Group implements the following CSR activities:

- introduces and maintains certified environmental management and energy management systems in accordance with ISO 14001 and 50001 standards, subject to the principle of continuous improvement;
- works on preservation of biodiversity, by implementing CSR activities for replenishment of fish stock and protection of bird species, as well as for minimizing the impact on specially protected nature territories;
- organizes activities that promote green thinking in order to raise environmental awareness of employees and the general public.

5.4. Culture and Energy Heritage

In order to facilitate the development and preservation of national values and promotion of the energy sector, the Group is implementing the following tasks:

- supports nationwide cultural events;
- raises public awareness of energy industry in Latvia, promotes research on the history of energy industry in Latvia and the Group's history, as well as development, preservation and availability of energy heritage collection.

5.5. Social Support and Responsibility towards Employees

The Group carries out socially responsible business activities with respect to both the general public and Group's employees and implements the following activities:

- raises quality of life of the socially vulnerable people;
- ensures safe working environment and provides employees with additional social protection not provided by the Labour Law.