

## **Articles of Association of Latvenergo AS**

### **I General Provisions**

1. The name of the company (firm): Latvenergo AS (hereinafter referred to as the Company).
2. The main types of economic activities of the Company (according to the NACE classification):
  - 2.1. Production of electricity (35.11);
  - 2.2. Trade of electricity (35.14);
  - 2.3. Other manufacturing not elsewhere classified (32.99);
  - 2.4. Telecommunications (61);
  - 2.5. Rental and leasing of motor vehicles (77.1);
  - 2.6. Computer facilities management activities (62.03);
  - 2.7. Other software publishing (58.29);
  - 2.8. Architectural and engineering activities and related technical consultancy (71.1);
  - 2.9. Technical testing and analysis (71.20);
  - 2.10. Renting and operating of own or leased real estate (68.20).
  - 2.11. The Company shall possess the right to engage in any other economic activities not prohibited by law.
3. *(Deleted according to the decision of the Shareholders' Meeting of Latvenergo AS of 6 November 2015.)*
4. Notices on convening the Shareholders' Meeting and related documents which are to be sent to the Company's management institutions, control institutions and Members thereof shall be delivered by post or electronically to the addresses notified to the Company or shall be submitted in person.

### **II Capital and Securities of the Company**

5. The share capital of the Company amounts to EUR 834,883,449.00 (eight hundred thirty-four million eight hundred eighty-three thousand four hundred forty-nine euro and zero cent), consisting of 834,883,449 (eight hundred thirty-four million eight hundred eighty-three thousand four hundred forty-nine) shares. Pursuant to the Energy Law, all shares of the Company are owned by the State, and they may not be privatised or alienated.
6. All shares of the Company shall possess equal rights to the receipt of dividends.
7. All shares of the Company, except for staff shares, shall possess equal rights to receipt of the liquidation quota and equal voting rights at the Shareholders' Meeting.
8. All shares of the Company shall be registered shares.
9. All shares of the Company shall be dematerialised.
10. The nominal value of each share shall be one euro.

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### II<sup>1</sup> Supervisory Board

- 10.<sup>1</sup> The Supervisory Board shall consist of five Members.
- 10.<sup>2</sup> Members of the Supervisory Board shall be appointed for a period of five years.
- 10.<sup>3</sup> The Supervisory Board shall adopt its decisions by a simple majority votes of Members of the Supervisory Board present at the meeting. In the case of equal numbers of votes, the Chairman of the Supervisory Board shall have a casting vote.
- 10.<sup>4</sup> The Supervisory Board shall organize its operation in accordance with the approved procedure thereof.

### III Management Board

11. The Management Board shall consist of five Members.
12. Members of the Management Board shall be appointed for a period of five years.
13. The Management Board shall adopt its decisions by a simple majority votes of Members of the Management Board present at the meeting.
14. *(Deleted according to the decision of the Shareholders' Meeting of Latvenergo AS of 6 November 2015.)*
15. Members of the Management Board may authorise one or more Members of the Management Board to enter into specific transactions or transactions of a specific type.
16. *(Deleted according to the decision of the Shareholders' Meeting of Latvenergo AS of 16 December 2016.)*
- 16<sup>1</sup>. The Management Board shall organize its operation in accordance with the approved procedure thereof.
- 16<sup>2</sup>. The Management Board shall require a preceding agreement by the Supervisory Board for concluding a transaction (after completion of the procurement procedure and prior to assuming new liabilities) in the following cases:
  - 16<sup>2</sup>.1. for transactions resulting in spending the monetary funds of the Company exceeding the amount of EUR 2,500,000 (two million five hundred thousand euro) excluding the Value Added Tax, except transactions regarding the following:
    - 16<sup>2</sup>.1.1. the assets necessary for operation, maintenance or development of the electricity transmission or distribution system;
    - 16<sup>2</sup>.1.2. the services of the energy transmission system, distribution system or storage;
    - 16<sup>2</sup>.1.3. construction of energy transmission or distribution connection;
    - 16<sup>2</sup>.1.4. energy purchase and the financial services related to purchase and sale of energy (derivative energy financial instruments), as well receipt of regulated utilities and procurement of fuel;
    - 16<sup>2</sup>.1.5. purchase of financial instruments;
    - 16<sup>2</sup>.1.6. purchase of the European Emission Allowances (EUA) and Certified Emission Reductions (CER);
    - 16<sup>2</sup>.1.7. construction works, supplies or services if the goal of the transaction is sale or lease of the contract subject to third parties;
  - 16<sup>2</sup>.2. lending transactions, except when this transaction is concluded with a merchant whose all shares of stock or voting shares are held by the Company;
  - 16<sup>2</sup>.3. borrowing transactions for an amount exceeding EUR 25,000,000 (twenty-five million euro).

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### **IV Audit Committee**

17. An Audit Committee shall be created in the Company. The Audit Committee shall include five Members, of which at least one shall be the Member of the Supervisory Board of the Company. The majority of Committee Members shall be independent, in accordance with the provisions of the Financial Instrument Market Law.
18. The Shareholders' Meeting shall elect a Member of the Audit Committee for a term of three years. A Member of the Audit Committee shall be employed by the Company on the basis of contract of authorization. The remuneration of the Audit Committee Member is determined by the Shareholders' Meeting.
19. The Audit Committee functions on the basis of the Commercial Law, the Financial Instrument Market Law and the Regulations of the Audit Committee approved by the Shareholders' Meeting.

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