

Latvenergo AS Donation Strategy

1. Purpose of Donation

Latvenergo AS donates property and financial resources in order to contribute to the development of public welfare, including local communities, in accordance with the socio-economic goals of the state.¹

Latvenergo AS Donation Strategy has been developed in accordance with legal acts², Guidelines of the Cross-Sectoral Coordination Centre (CSCC)³, Latvenergo Group medium-term strategy 2017-2022, Latvenergo AS policies, values and opinions of stakeholders.

A donation is a form of corporate social responsibility (CSR) of Latvenergo AS.



2. Amount and Directions of Donation

According to Sustainable Development Strategy of Latvia until 2030¹, Group’s medium-term strategy, Group’s CSR policy, and public opinion in regular surveys, Latvenergo AS makes donations in the following directions:

- education, science, children and youth sports;
- social assistance;
- culture.

The amount of donations in each of the donation directions is updated in the respective year according to current developments in society and upon coordination with the shareholder.

¹ In accordance with some of the basic goals defined in the Sustainable Development Strategy of Latvia until 2030:

- preservation and development of culture capital (p. 12);
- development of the education system (p. 29);
- ensuring equal living conditions for all inhabitants (p. 24);
- quality and accessible education (school as a centre of social networking, p. 31).

² Law On Governance of Capital Shares of a Public Person and Capital Companies, Law On Prevention of Squandering of the Financial Resources and Property of a Public Person.

³ Public Capital Company Medium-Term Operational Strategy Development Guidelines of the Cross-Sectoral Coordination Centre.

3. Tasks of Donation

3.1. Tasks of donation in the education, science, children and youth direction:

- supporting young people's excellence in the exact sciences, such as international olympiads and work of high-quality educational institutions;
- complementing training materials for teachers and lecturers in the field of exact sciences, including the establishment of excellent physics classrooms in general education schools of Latvia;
- supporting children and youth sports activities, including competitiveness and mass participation in team sports games.

3.2. Task of donation in the social assistance direction:

- supporting the improvement of the quality of life of children and adults with special needs, including in the field of energy efficient solutions.

3.3. Task of donation in the culture direction:

- supporting the organisation of the Nationwide Latvian Song and Dance Festival and the Latvian School Youth Song and Dance Festival.

4. Donation Criteria

Latvenergo AS donates financial resources for the activities that meet one or more of the following criteria:

- comply with the Group's long-term strategic objectives and contribute to their achievement;
- correspond to the Group's business directions, raise public awareness of current events in these business directions;
- comply with the Group's CSR directions;
- have a substantial long-term impact and provide public benefit, as well as continue ongoing support programmes or programmes that have already been implemented upon assessment of their relevance;
- implemented on a large scale;
- facilitate involvement of a wide range of groups in society and involvement of Group's employees;
- ensure mutually rewarding long-term relationships with project implementers and all stakeholders;
- the costs are commensurate with the expected economic effect (both short and long term);
- the project partner has sufficient experience in implementation of these activities;
- offer advantages over alternative methods for achievement of the intended objectives;
- activity 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.

Latvenergo AS does not make donations for:

- activities with the vaguely defined principles or questionable public importance;
- activities driven by selfish, mercantile interests;
- activities of religious or political content;

- individuals, because the purpose of the donation does not meet the criteria for having substantial long-term impact and providing public benefit, as well as involvement of large groups of society.

5. Cooperation Organisations

In order to expand cooperation with stakeholders and involve experts in the respective fields in decision-making on donation, Latvenergo AS, by evaluating the existing organisations in the respective donation directions, donates to cooperation partners for organising project tenders. The list of cooperation partners is published on the website of Latvenergo AS:

<https://latvenergo.lv/lv/sociala-atbildiba/davinajumi-ziedojami>.

Cooperation partners for organising project tenders are selected according to the following criteria:

- experience in the administration of project tenders;
- administrative capacity;
- scope of activity and coverage of the sector;
- public awareness and positive reputation;
- status of a public benefit organisation;
- recommendation of the ministry in charge of the sector.

In the field of culture, Latvenergo AS makes a target donation to the Svētku fonds Foundation for organisation of the Nationwide Latvian Song and Dance Festival and the Latvian School Youth Song and Dance Festival due to the unique contribution of Song and Dance Festivals to the development and preservation of national values. The Svētku fonds Foundation was established to raise funding for the Nationwide Latvian Song and Dance Festival and the Latvian School Youth Song and Dance Festival.

6. Decision-Making Procedure

The draft decision on each donation of financial resources is approved by the Management Board of Latvenergo AS; the Supervisory Board of Latvenergo AS is informed and provides an opinion on the planned donation. Pursuant to Section 11 of the Law On Prevention of Squandering of the Financial Resources and Property of a Public Person, Latvenergo AS requests the consent of the shareholder and the permission of the Minister of Finance to conclude a donation agreement. Agreements with the beneficiaries of the donation are concluded and the donation is made with the consent of the shareholder and upon receipt of the permission of the Minister of Finance.

7. Reports

Pursuant to the donation agreement, the beneficiary of the donation shall submit by March 1 of each following year a written report on the use of the funds in accordance with the purpose and cost estimate of the donation, which is an integral part of the donation agreement.

The donation report includes information on the purpose of the use of the funding, project description, funding received, time and place of the project, target audience reached and assessment of the achievement of the donation goal and contribution to society. Latvenergo AS has the right to request and receive additional information and documents from the beneficiary of the donation regarding the use of the donation, as well as to verify the truthfulness of the relevant information.

Latvenergo AS has the right to audit the fulfilment of the donation agreement by attracting a third party – an external auditor.

8. Publication of the Donation Strategy and project tenders

According to Paragraph 27.1 of the Public Capital Company Medium-Term Operational Strategy Development Guidelines of the Cross-Sectoral Coordination Centre, Latvenergo AS Donation Strategy has been published on Latvenergo AS website:

<https://latvenergo.lv/lv/sociala-atbildiba/davinajumi-ziedojs>.

As per Section 58(1) 3) of the Law On Governance of Capital Shares of a Public Person and Capital Companies, information on the amount of each donation received and made and the beneficiaries for at least the last five years is published on Latvenergo AS website:

<https://latvenergo.lv/lv/sociala-atbildiba/davinajumi-ziedojs>.

Information on on-going project tenders is published on Latvenergo AS website in the news section: <https://latvenergo.lv/lv/jaunumi/preses-relizes> and on websites of cooperation partners.