

Latvenergo Group Business Continuity Assurance Policy

1. Goal of the Policy

Latvenergo Group Business Continuity Assurance Policy (hereinafter – the Policy) is to ensure continuous performance of Latvenergo Group's capital companies tasks within their commercial activity or the restoration of their operation to an appropriate level as quickly as possible in the event of interruptions or significant operational disruptions as well as effective incident and crisis management in the capital company.

2. Explanation of Terms

Capital Company – Latvenergo AS and the capital companies all the shares / equity interests whereof are owned by Latvenergo AS and which own or govern objects of national critical infrastructure.

Incident – any significant event, that may adversely affect the daily routine of the Capital Company and may adversely affect, or does affect, the performance of their tasks.

Crisis Situation in the Capital Company – a situation, including an emergency situation within the meaning of the Law On Emergency Situation and State of Exception¹ and of the Energy Law², caused by an incident or any other internal or external circumstances, which have caused an interruption in the performance of the Capital Company's commercial activity tasks and cannot be eliminated by operational methods and which endanger the Capital Company's finances, reputation, customers, employees or other persons.

Critical Process – an internal process within the Capital Company, the replacement whereof is impossible in the short term and the interruption of the performance whereof may cause adverse consequences for the performance of the Capital Company's commercial activity tasks and an interruption in the performance of the Capital Company's commercial activity tasks.

Critical Resource – a resource of the Capital Company necessary to ensure the performance of a critical process, the unavailability whereof may cause an interruption in the performance of the critical process and the replacement whereof is impossible in the short term.

3. Scope of the Policy

The Policy applies to Latvenergo AS and the Capital Companies all the shares / equity interests whereof are owned by Latvenergo AS and which own or govern objects of national critical infrastructure. With regard to the distribution system operator, the Policy shall apply insofar as it does not contradict the independence requirements laid down in laws and regulations.

4. Business Continuity Assurance Basic Principles within the Capital Company:

4.1. The Management Board of the Capital Company shall ensure the development and approval of the Business Continuity Assurance System within the Capital Company, including a procedure described in internal regulatory documents (rules, procedures, processes, etc.) for ensuring business continuity and managing crisis situations.

¹ The Law On Emergency Situation and State of Exception prescribes the procedures by which a special legal regime – emergency situation or state of exception – shall be declared and revoked, as well as the rights of State administration and local government authorities, natural persons and legal persons, their restrictions, special duties and provision of the rule of law during validity of such legal regimes.

² A national energy crisis shall be declared by the Cabinet of the Republic of Latvia, whereas a local energy crisis shall be declared by the local government whose administrative territory is affected by the energy crisis.

4.2. The updating of the Business Continuity Assurance System in the Capital Company shall be ensured as necessary, but not less frequently than once in 3 years.

4.3. The Capital Company's Business Continuity Assurance System shall identify and include:

- the identification of critical processes and listing thereof;
- the description of the critical process and the resources involved in execution thereof, its impact, operating environment and other essential information;
- the appointment of the person responsible for the execution of the critical process and the functions (structural units) involved;
- the determination of the minimum personnel required for the execution of the critical process (Critical Personnel);
- the identification of critical resources and compilation of a list thereof;
- the analysis of the possibilities for replacing a critical resource, including a replacement plan;
- The criticality assessment of Critical Processes and Critical Resources.

4.4. The Capital Company's Business Continuity Assurance System shall include, inter alia:

4.4.1. procedures for the management of incidents and crisis situations;

4.4.2. the information exchange system within the Capital Company.

4.5. Regular testing of business continuity assurance procedures as well as training of the Capital Company's employees in the field of business continuity assurance shall be ensured in the Capital Company at least once a year.

5. Basic Principles of Crisis Management within the Capital Company

5.1. A crisis situation may be declared in the Capital Company if an incident has caused an interruption in the performance of the Capital Company's commercial activity tasks and it cannot be eliminated by operational methods and it endangers the Capital Company's finances, reputation, customers, employees or other persons.

5.2. A crisis situation in the Capital Company may also be declared if signs of a crisis situation have occurred or are forecast.

5.3. A crisis situation in the Capital Company shall be declared in accordance with the procedure laid down in its internal regulatory documents. Upon declaration of a crisis situation, a Crisis Situation Management Commission shall simultaneously be established in the Capital Company.

5.4. To cope with the crisis situation, personnel of other Capital Companies, the transmission system operator Augstsprieguma tīkls AS, local authorities, the National Armed Forces, the State Fire and Rescue Service (hereinafter – SFRS) and special brigades of other Operational services may be involved. The Crisis Situation Management Commission shall decide on the need to involve such personnel.

5.5. The Capital Companies and institutions specified in Article 5.4 of the Policy may conclude a written agreement on cooperation to cope with the crisis situation.

5.6. The Capital Company's Crisis Situation Management Commission shall:

5.6.1. organise and direct measures to cope with the crisis situation and eliminate its consequences and shall organise the work of functions / structural units in accordance with the action plans and processes of the respective functions / structural units as appropriate to the situation;

5.6.2. organise the necessary exchange of information with the persons involved, including the representative of the holder of Latvenergo State capital shares, the Minister for Economics, the transmission system operator (Augstsprieguma tīkls AS) and the Operational Management Administration of SFRS on the measures for the management and elimination of the emergency situation;

5.6.3. organise the provision of information to the public on the crisis situation's consequences and their elimination if this falls within the Capital Company's core duties;

5.6.4. organise and coordinate cooperation with other Capital Companies, the transmission system operator (Augstsprieguma tīkls AS), local authorities, the National Armed Forces, SFRS and other Operational services in eliminating the consequences of crisis situations;

5.6.5. propose that the Capital Company's management board decide on the additional funding required for the management of the crisis situation if the allocation of additional funding required for the operational management of a crisis situation is not possible in accordance with Latvenergo rules on employees' rights to act with company resources.

5.7. If the performance of the Capital Company's commercial activity tasks has been restored and the Capital Company's finances or persons are no longer endangered, the Crisis situation in the Capital Company shall be cancelled.

6. Development, Implementation, Maintenance and Control of the Policy

6.1. The Security function of Latvenergo AS shall be responsible for the development, maintenance, control and updating of this Policy not less than once every three years.

6.2. The Capital Companies shall continuously take measures on the Policy implementation. The Management Board of the Capital Company shall be responsible for the implementation of the Policy, ensuring that:

6.2.1. The development and approval of the Business Continuity Assurance System within the Capital Company;

6.2.2. the Management Board of the Capital Company shall periodically review the list of critical processes and critical resources;

6.2.3. Threats that may affect the performance of critical processes and the availability of critical resources shall be identified and assessed within the Capital Company and appropriate measures shall be taken on mitigation thereof.

6.3. Each employee's understanding of business continuity and crisis management issues shall be promoted within the Capital Company through their regular training.

6.4. Each employee of the Group's Capital Companies shall be responsible for conformity to and implementation of business continuity assurance and other regulatory documents related to this field.