

Latvenergo AS Donation Strategy

Table of Contents

1. Purpose of the Donation Strategy.....	2
2. Positioning of the Latvenergo Brand	3
3. Donation Criteria.....	3
4. Donation Directions	4
5. Reports.....	4
6. Publication of the Donation Strategy	4

1. Purpose of the Donation Strategy

The Latvenergo AS Donation Strategy has been developed in order to create guidelines for allocating donations in accordance with the Law On Governance of Capital Shares of a Public Entity and Capital Companies, the Law On Prevention of Squandering of the Financial Resources and Property of a Public Person, the Public Capital Company Medium-Term Operational Strategy Development Guidelines of the Cross-Sectoral Coordination Centre (CSCC), the Latvenergo Group Medium-Term Strategy 2017-2022 (hereinafter – the Group Strategy), the Latvenergo AS policies, values and opinions of the stakeholders.

The Latvenergo Group views Donations as one of the main forms of Corporate Social Responsibility (CSR).



In order to ensure wider stakeholder engagement of the Group in social responsibility and to enhance transparency, Latvenergo AS donates financial resources to activities, which have been evaluated and selected through tenders administered by partner organisations.

Donation focus areas and the maximum amount of funds, which Latvenergo AS is allowed to donate from its profits, are stated in the Law On Prevention of Squandering of the Financial Resources and Property of a Public Person and in the Group Strategy. The Management Board of Latvenergo AS decides on the total sum to be donated each year.

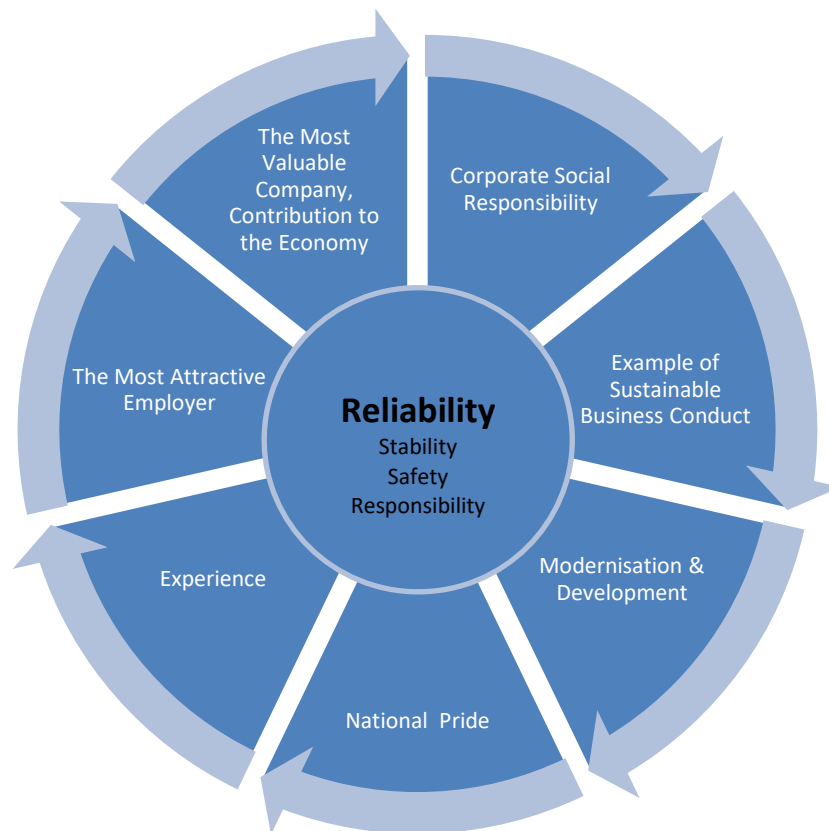
The Group Strategy, approved in 2016, defines the following responsible business objectives:

- ✓ Generate and supply energy in a socially responsible manner, and affirm the good governance practices of the Group by engaging in voluntary activities focused on sustainable economic growth, improved environmental status and public welfare;

- ✓ Support for education that encourages interest in engineering sciences, supports the education system in the exact sciences and promotes involvement of students and teaching staff in Group competency development;
- ✓ Through continuous work with stakeholders, engage them in the handling of important sustainability issues.

2. Positioning of the Latvenergo Brand

The task of the Latvenergo brand is to strengthen positioning of a reliable company by communicating topics important to society. Such topics include: contribution to the Latvian economy, social responsibility, experience and preservation of the environment as well as *green* energy or energy generated from renewable energy resources. In customer surveys, *Reliability* of the Latvenergo brand was evaluated as one the most positive aspects, which is important to the audience. Historically, this has been the strength of the Latvenergo brand standing out among other competitive brands. Therefore, strengthening of this positioning will increase the brand value.



3. Donation Criteria

Donations by Latvenergo AS are evaluated according to the criteria and aspects stated in the Group CSR policy.

According to the CSR policy and the Group Strategy, the Group engages in CSR activities that meet one or more of the following criteria:

- comply with the Group long-term strategic objectives and contribute to their achievement;
- correspond to the Group business goals, raise public awareness of current events in the said goals;

- have a substantial long-term impact and provide social benefits;
- facilitate involvement of a wide range of groups in society;
- ensure mutually rewarding long-term relationships with stakeholders;
- help to increase the brand value and improve the Group image.

When implementing CSR activities, the Group takes the following aspects into account:

- a large scale;
- direct relevance to electricity or human energy;
- focus on the long-term benefits to society;
- communication potential;
- within the framework of a single project, the reputation of organisers and other project supporters must not conflict with the values and character of the Group companies and brands;
- comparison of costs with the planned economic effect (short-term and long-term);
- existing activities and lasting effects (continuity and long-term relations).

The Group does not support:

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

4. Donation Directions

According to the Group's Strategy and results of corporate reputation survey, Latvenergo AS donates financial resources in the following focus areas:

- ✓ Science and Education;
- ✓ Culture;
- ✓ Social Support.

List of partner organisations is published on Latvenergo AS website:

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

5. Reports

When a donation agreement is concluded with Latvenergo AS, it is prepared according to the standard donation agreement approved by the Cabinet of Ministers. The beneficiary of the donation (the partner organisation) then provides a report in reference to the funds spent in the specified period according to the purpose of the donation and the cost estimate, which is an integral part of the agreement.

6. Publication of the Donation Strategy

As per Paragraph 27.1 of the Public Capital Company Medium-Term Operational Strategy Development Guidelines of the Cross-Sectoral Coordination Centre, the Latvenergo AS Donation Strategy has been published on the Latvenergo AS website: <https://latvenergo.lv/en/sociala-atbildiba/davinajumi-ziedojs>