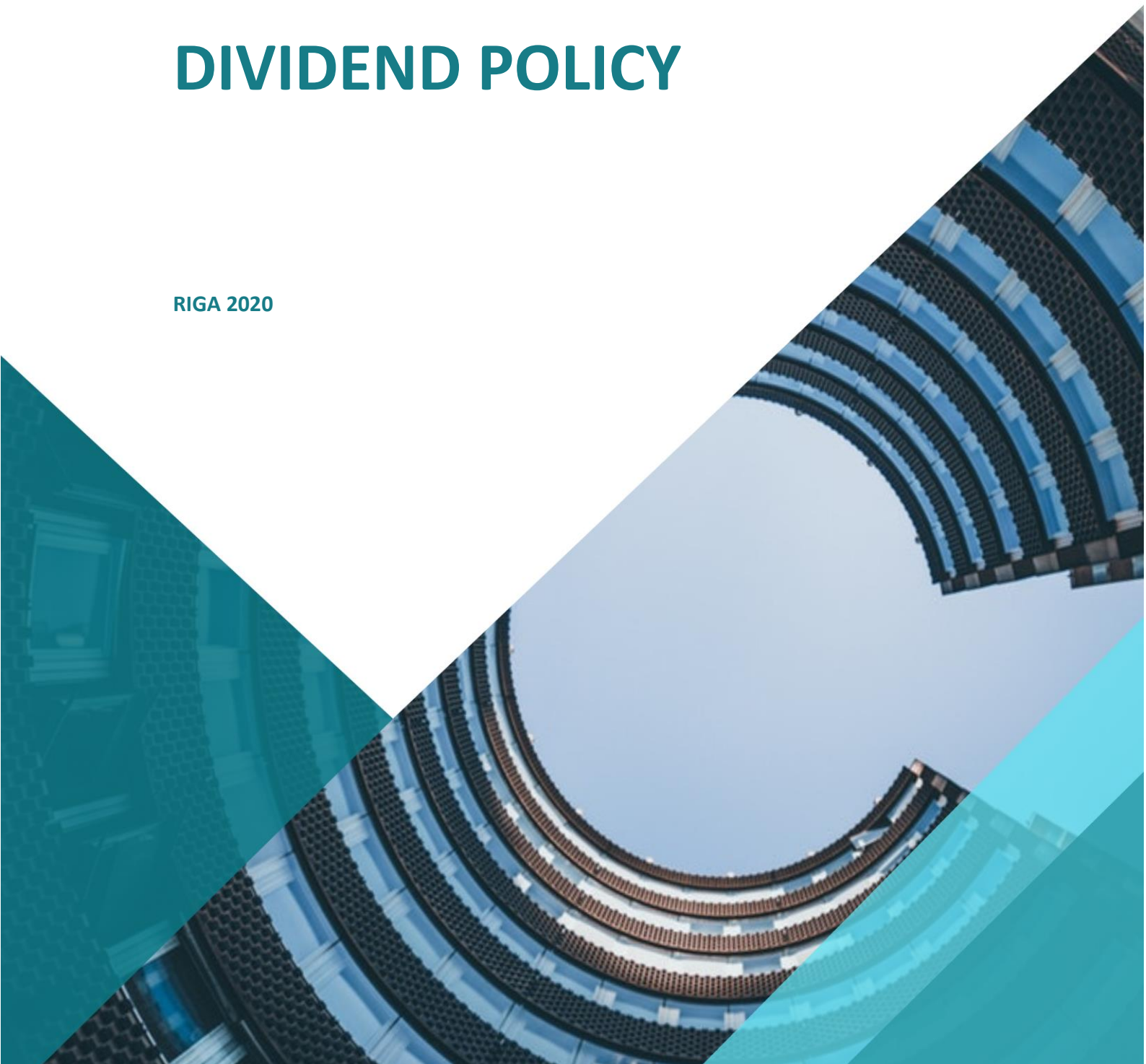




JSC "LATVIJAS GĀZE" DIVIDEND POLICY

RIGA 2020



*Approved
at the JSC "Latvijas Gāze"
Board meeting of May 13, 2020*

1. General provisions

1.1. The dividend policy of the JSC "Latvijas Gāze" (hereinafter also referred to as the Company) lays down the principles to be followed by the Company in the preparation of proposals to the Shareholders' meeting of the Company for deciding on profit distribution. This dividend policy is based on the core principles of dividends and financial policy included in the Articles of Association of the Company (Article 6.7-6.11).

1.2. The goal of the Company is to implement a well-considered, balanced and transparent profit distribution model that ensures a regular payment of dividends to the shareholders and accomplishment of the Company's long-term business objectives.

1.3. Only the Shareholders' meeting of the Company is eligible to decide on dividend payments and the amount to be paid. This policy provides the main considerations to be followed by the Board of the Company when drawing up a dividend payment proposal.

2. Principles of calculation of dividends

2.1. The dividend amount shall be calculated on the basis of the Company's reporting year profit presented in the JSC "Latvijas Gāze" Group consolidated and JSC "Latvijas Gāze" annual report prepared in accordance with the international financial standards.

2.2. The following principles shall be followed when calculating dividends:

2.2.1. the principle of balance – in order to attain a stable financial base, the Company keeps an adequate ratio of equity to borrowed funds. Dividends are only paid from cash at the Company's disposal;

2.2.2. the principle of dividend stability whereby the Company strives to pay dividends to the shareholders for each financial year;

2.2.3. the principle of transparency whereby the considerations of determination of dividend amount are explained to the stakeholders.

3. Procedure of calculation of dividend amount

3.1. Dividends may only be calculated and paid for shares fully paid-up.

3.2. The portion of the net profit of the JSC "Latvijas Gāze" remaining after the payment of dividends shall be retained (transferred to the Company's reserves) for further investments in the Company's development.

3.3. The dividends paid by the Company are taxable in accordance with the laws of the Republic of Latvia and may be taxed in the country whose tax resident is the recipient of dividends.

3.4. The Articles of Association of the Company foresee an option of paying extraordinary dividends to the shareholders of the Company but no earlier than three months after the previous decision on dividend payment has been taken by the shareholders' meeting.

3.5. The Board of the Company is eligible to call an extraordinary shareholders' meeting for taking a decision on extraordinary dividend payment if according to the Company's report of economic activity for a period of at least three months after the end of the previous report period the Company has profit and the Board sees a financial or economic reason to pay extraordinary dividends.

4. Procedure of taking decision on dividend payment

4.1. When approving the regular annual report, the Board of the Company shall prepare a dividend payment proposal in accordance with the Articles of Association of the Company, this policy, the regulatory enactments of the Republic of Latvia, and the Company's contractual commitments and obligations, if any, e.g., towards credit institutions.

4.2. The Board of the Company shall first submit its proposal of regular or extraordinary dividend payment to the Council for review. The decision on dividend payment shall be taken by the Shareholders' meeting of the Company.

4.3. The dividend amount approved at the Shareholders' meeting may not exceed the amount proposed by the Board of the Company.

5. Method and time of dividend payment

5.1. The date of calculation and the date of payment of dividends shall be proposed by the Board of the Company and set by the Shareholders' meeting.

5.2. Dividends shall be paid in cash – the Company shall transfer the amount payable in dividends for registered shares of the JSC "Latvijas Gāze" to the shareholder's cash account, whereas the total amount payable in dividends for bearer shares, as per the regulations of Nasdaq CSD SE (depository), shall be transferred to the bank account specified by the depository within the deadline set by the depository.

5.3. In order for a shareholder to receive dividends, the shares, if still registered with the initial register of the depository (not transferred to a securities account with a credit institution) have to be transferred to a securities account. If the shares are on a securities account, the dividends shall be automatically transferred to the shareholder's cash account on the date of payment or, in exceptional cases, immediately thereafter. If the shares are still registered with the initial register, the dividends shall be stored by the depository. The shareholder shall receive the accrued dividend amount upon transferring the shares from the initial register to a securities account with a credit institution.

6. Disclosure of information

This policy and any amendments thereto shall be published and available on the Company's website www.lg.lv.
