

# JSC "LATVIJAS GĀZE" AUDIT COMMITTEE

20 Vagonu Street, Riga

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## REPORT OF THE AUDIT COMMITTEE TO THE SHAREHOLDERS OF THE JSC LATVIJAS GĀZE

### APPROVAL OF THE 2017 ANNUAL ACCOUNTS

Pursuant to the requirements of Article 41(2) of Directive 2006/43/EC of the European Parliament and of the Council and Section 55<sup>3</sup> of the Financial Instruments Market Law of Latvia and in compliance with Paragraph one of that Section, last year the Audit Committee of the Joint Stock Company "Latvijas Gāze" performed the duties stipulated by the Financial Instruments Market Law, including:

- supervision of the preparation of the financial statements of the Joint Stock Company „Latvijas Gāze” (hereinafter also the Company) prepared in accordance with the law "On Accounting" and the "Law On the Annual Financial Statements and Consolidated Financial Statements" of the Republic of Latvia, the CoM Regulations No.775 "Regulations on the Application of the Law On the Annual Financial Statements and Consolidated Financial Statements" dated 22.12.2015, and the financial statements prepared in accordance with the requirements of the International Financial Reporting Standards as to the preparation of financial statements approved by the European Union;
- supervision of the efficiency of the internal control, risk management and internal audit system of the Joint Stock Company „Latvijas Gāze" in terms of ensuring credibility and impartiality of annual accounts;
- supervision of the procedure of audit of the annual accounts of the Joint Stock Company "Latvijas Gāze";
- verification whether before and during the audit of the annual accounts of the Joint Stock Company "Latvijas Gāze" the sworn auditor elected by Company complies with the independence and impartiality requirements prescribed by the Law On Audit Services, the provisions of Article 6 of Regulation No.537/2014 on preparation for the said audit and assessment of threats to independence, and the prohibition of the provision of non-audit services under Article 5 of the said Regulation;
- verification and supervision of the independence of the elected sworn auditor of the Joint Stock Company „Latvijas Gāze" – the Commercial Company "PricewaterhouseCoopers LLC" – for the purposes of the "Law On Audit Services".

The Audit Committee has got acquainted with the operation of the internal control and risk management system of the Joint Stock Company „Latvijas Gāze" and considers them effective and compliant with the standards of good practice.

During the reporting period the Audit Committee of the JSC "Latvijas Gāze" was composed of 3 members: chairman Juris Savickis, members Anita Kaņeņa and Benita Kudore. There were 8 Audit Committee meetings held between March 31, 2017 and April 23, 2018.

The Audit Committee holds that the 2017 financial statements of the Joint Stock Company "Latvijas Gāze" prepared in accordance with the law "On Accounting" and the "Law On the Annual Financial Statements and Consolidated Financial Statements" of the Republic of Latvia and the financial statements prepared in accordance with the requirements of the International Financial Reporting Standards approved by the European Union have been drawn up observing all regulatory enactments and the audit of the financial statements of the Joint Stock Company "Latvijas Gāze" has taken place in compliance with the regulatory enactments. The deficiencies found during the audit have been eliminated quickly and efficiently.

While supervising the drafting of the financial statements and the audit thereof, we made sure that the audit aided the credibility and impartiality of the financial statements prepared by the Joint Stock Company "Latvijas Gāze".

With the present report, the Audit Committee confirms that it does not object to a further co-operation with the Commercial Company of Sworn Auditors „PricewaterhouseCoopers LLC" as the sworn auditor elected for the audit of the 2018 annual accounts of the Joint Stock Company „Latvijas Gāze".

The LLC PricewaterhouseCoopers" have been auditors of the JSC "Latvijas Gāze" for several years and their competence has been positively acclaimed, and there will be no violation of the Financial Instruments Market Law and the Law On Audit Services if they are elected auditors of the 2018 annual accounts.

JSC "Latvijas Gāze"

Chairman of the Audit Committee:

/Juris Savickis/

Riga, May 16, 2018