

**APPROVED**

By the Council Meeting No.1 (2025) of the Joint Stock Company "Latvijas Gaze" on 20 March 2025.

**REGULATION OF THE COUNCIL  
OF THE JOINT STOCK COMPANY  
"LATVIJAS GAZE"**

The Regulation of the Council (hereinafter referred to as the Council) of the Joint Stock Company "Latvijas Gaze" (hereinafter referred to as the Company) has been drawn up on the basis of the Articles of Association of the Company (hereinafter referred to as the Articles of Association).

The Regulation of the Council (hereinafter referred to as the Regulation) of the Company shall determine the general principles of operations, competence, agenda and responsibility of the Council.

## **1. Composition of the Council**

1.1 The Council shall be represented by 5 (five) members of the Council.

1.2 The Council shall be elected by the Meeting of Shareholders of the Company (hereinafter referred to as the Meeting of Shareholders) for a term of three years.

1.3 Shareholder or a group of Shareholders are entitled to nominate their candidates for election to the Council on the basis of a calculation such that, upon dividing the capital with voting rights represented by a Shareholder or a group of Shareholders by the number of candidates to be nominated, each candidate shall have not less than five per cent of the capital with voting rights represented at the Meeting of Shareholders. Each of such nominated candidates shall be included in the Council members voting list

1.4 Voting shall take place in one ballot on all Council member candidates included in the list, with all shareholders voting simultaneously. A Shareholder may cast all his/her votes for one or multiple Council member candidates included in the list in any proportion in whole numbers.

1.5 The persons who have received the most votes shall be deemed elected to the Council, subject to the maximum number of Council members set out in the Articles of Association. If two or more Council member candidates have received an equal number of votes and therefore it cannot be determined which of them are to be deemed elected, the issue shall be decided by a vote of the Meeting of Shareholders on each of those candidates and the candidate who receives the most votes in the repeated ballot shall be deemed elected.

1.6 The Chairman of the Council and 1 (one) Vice-Chairmen of the Council shall be elected by a simple majority of votes from amongst its members.

1.7 Changes to the composition of members of the Council shall be reported by the Board to the Commercial Register Office, and these shall become effective in respect of third parties as of the day of announcement.

1.8 If a member of the Council leaves his/her post or is dismissed from his/her post before the expiry of the Council mandate, then new elections are held during which the whole composition of the Council is re-elected.

## **2. The Competence of the Council**

2.1 The Council is a supervisory body of the Company, which represents interests of the shareholders (hereinafter referred to as the Shareholders) between the Meetings of Shareholders and performs supervision of activities of the Board of the Company (hereinafter referred to as the Board) within the framework prescribed by the laws of the Republic of Latvia and by the Articles of Association.

2.2 The Council shall have the following tasks:

2.2.1 Supervision on a regular basis that the operations of the Company are performed in accordance with the Laws, the Articles of Association, Resolutions of the Meetings of Shareholders;

2.2.2 Election and recalling of the members of the Board, regular supervision of activity of the Board, specifying remuneration for members of the Board;

2.2.3 Approval of deals to be concluded between the Company and a member of the Board or an auditor;

2.2.4 Consideration of the annual report of the Company and recommendations to the Board regarding distribution of profit and preparation of its statement;

2.2.5 Representation of interests of the Company in the court regarding all claims brought by the Company against the members of the Board, as well as the claims brought by the members of the Board against the Company and representation of the Company in other legal relations with the members of the Board;

2.2.6 Evaluation of the performance of the Company and the reports from the Board, as well as suggesting of proposals for improvement of performance of the Company;

2.2.7 Preliminary consideration of all the issues scheduled to be included in the agenda and falling within the exclusive competence of the Meeting of Shareholders, or proposed for discussion at the Meeting of Shareholders at the request of the members of the Board or of the Council, or Shareholders and submission of conclusions thereon.

2.2.8 Election of standing commissions or temporary commissions for examination of certain questions and preparation of reports.

2.3 The Board needs consent of the Council for adoption of resolutions on the following issues:

2.3.1 Acquiring interest in other companies, increase or decrease thereof;

2.3.2 Foundation of the subsidiaries;

2.3.3 Purchase and sale of the assets substantial for business of the Company;

2.3.4 Foundation or closure of companies, branches and representative offices, as well as approval of their regulations (articles of associations), purchase, sale and lease of properties of the companies, or suspension of business of the companies;

2.3.5 In the cases when not provided for in the Company's annual budget of the respective year:

2.3.5.1 Purchase of a real estate object at a price over EUR 100,000 (one hundred thousand *euros*);

2.3.5.2 Purchase of any real estate object if the annual purchase amount of real estate objects not planned in the respective annual budget for the Company exceeds EUR 400,000 (four hundred thousand *euros*);

2.3.5.3 Sale of a real estate object at a price above EUR 200,000 (two hundred thousand *euros*);

2.3.5.4 Lease of real estate for a lease fee, which per year is higher than EUR 100,000 (one hundred thousand *euros*);

2.3.5.5 Encumbering of the real estate;

2.3.6 Issue of guarantees, except for guarantees, which must be granted to fulfil the measures stipulated in the business plan or the approved budget of the Company;

2.3.7 Conclusion of deals between the Company and persons related to it (Shareholders, the members of the Council, and the members of the Board);

2.3.8 Conclusion of deals not stipulated in the Company's respective annual budget and exceeding EUR 300,000 (three hundred thousand *euros*) or which term exceeds 1 (one) year;

2.3.9 Conclusion of strategically important agreements on cooperation, as well as conclusion of such cooperation agreements, which require financing of the Company in excess of EUR 300,000 (three hundred thousand *euros*);

2.3.10 Granting of loans and taking of loans not stipulated in the respective annual budget of the Company;

2.3.11 Full or partial renunciation of an exclusive license;

2.3.12 Preliminary review of the issue regarding a merger with another company or acquisition by another company;

2.3.13 Approval of business plan of the Company;

2.3.14 Approval of the annual budget of the Company;

2.3.15 Establishment and use of the Company's reserves;

2.3.16 Approval of the Regulation of the Board;

2.3.17 Deciding other significant issues.

2.4 Vice-Chairman of the Council shall officiate as Chairman of the Council only when the Chairman of the Council is absent (illness, business trip, leave, et al.) or has assigned such a task.

The Council shall be entitled at any time to demand from the Board a report regarding overall position of the Company, or structural units, enterprises, branches and representative offices thereof, as well as regarding any particular matters, to receive full information thereof and transactions concluded thereby, to review budgets, balance sheet, and auditors' reports regarding the Company, its subsidiaries, representative offices and enterprises, to review other registers and books of the Company, cash register and securities. Any member of the Council shall be entitled to request such report from the Board to be submitted to the Council.

The Council may recall any member of the Board at any time if there is a serious reason for that. A serious reason in any case shall be deemed to be gross misuse of authority, non-fulfilment or improper fulfilment of duties, inability to manage the Company, harming interests of the Company, as well as a vote of no confidence manifested by the Meeting of Shareholders. A new member of the Board shall be elected at the same meeting of the Council.

### **3. Preparation and Convening of Meeting of the Council**

3.1 The Council shall hold meetings as appropriate, but not less frequently than once a quarter.

3.2 The Chairman of the Council shall convene regular meetings on the dates determined by the Council itself.

3.3 Extraordinary meetings shall be convened by the Chairman of the Council at the request of the Board or any member of the Council. The request for convening of an emergency meeting should state the reason and the objective for convening.

3.4 If the Chairman of the Council fails to comply with the request for convening of the meeting of the Council within two weeks from the time of receipt thereof, the initiator for convocation of the meeting shall be entitled to convene a meeting of the Council, by explaining the state of affairs.

3.5 Agenda of the meeting of the Council shall be drawn up, on the basis of decisions in the last meeting of the Council regarding the matters to be examined at the next meeting, proposals from the member of the Council and from the Board.

3.6 The proposal for inclusion of the matter in the agenda of meeting of the Council should be accompanied by a draft resolution and other documents and materials required to resolve the matter in question. The proposals and the draft resolutions, documents and materials enclosed therewith shall be submitted to the Secretary of the Council.

The Council, when deciding regarding inclusion of any matter in the agenda of the next meeting, may assign to the Board preparation of a draft resolution and to aggregate the necessary documents and materials.

3.7 The draft resolutions to be submitted for examination at the meeting of the Council should have precise and concise wording, indicating the time limits for performance of the resolution and the performers.

The proponent or the Board should draw up and enclose a short summary with the materials, providing reasons for the need to adopt the decision in question and specifying the rapporteur, as well as the persons to be invited to the meeting of the Council due to examination of this resolution.

3.8 The proponent or the Board shall be held responsible for the accuracy and the completeness of the facts and data referred to in the submitted materials, as well as for compliance of the prepared draft resolution with the laws.

3.9 The Secretary of the Council shall draw up a draft agenda of the meeting of the Council and together with draft resolutions, documents and other materials shall submit it for approval to the Chairman of the Council.

3.10 The Chairman of the Council shall notify the members of the Council in writing on the meeting at least one (1) week ahead. The notice on the meeting shall be accompanied by the agenda and draft resolutions..

3.11 Each member of the Council, after his or her election, shall specify to the Secretary of the Council, in which language (Latvian, English) he or she would like to receive a notification, draft decisions, documents and materials.

Unless the notification regarding the meeting of the Council has specified otherwise, the meetings of the Council shall be held at the site of the Company – 6 Aristida Briāna Street, Riga.

#### **4. Proceedings of the Meeting of the Council**

4.1 The Council shall have powers to resolve if more than one half of the members of the Council is taking part in its meeting. Absent members of the Council shall be entitled to vote on any matter, by conveying their vote, in writing, to another member of the Council and, in this case, they are considered to be present in resolving the relevant matter. One's vote over the phone or in some other way may be conveyed only if the means of communication used allow for the members of the Council at the same time to take part in the discussion of the matter and in the adoption of the resolution and, if this operation is appropriately recorded and documented. The Council is authorised to resolve the issues specified in Sub-section 8 of Section 7.26 of the Articles of Association if all Council members participate in the meeting.

4.2 If the meeting of the Council has no power to resolve due to lack of quorum, the Chairman of the Council within 7 (seven) days shall convene a new meeting of the Council, by providing notification to all the members of the Council.

4.3 The members of the Council, who are unable to attend the meeting of the Council, shall notify the Secretary of the Council thereof.

4.4 The Council may discuss the matters, which are not mentioned in the notification regarding the meeting of the Council, only with consent of all its members taking part in the meeting. The resolution on this matter may be adopted only if none of the members of the Council is opposed to such a procedure.

4.5 The meeting of the Council shall be chaired by the Chairman of the Council or, in his or her absence, by the Vice-Chairman of the Council, in accordance with the provisions of Clause 2.4 of the Regulation.

4.6 The meeting of the Council shall be held in Latvian, by providing synchronous translation in English.

4.7 Each member of the Council shall have one vote. The Council shall act by a majority of votes of the members present. Decisions on the issues specified in Sub-section 8 of Section 7.26 of the Articles of Association are adopted if all Council members vote in favour of adopting the said decisions.

4.8 If none of the members of the Council objects, the meeting of the Council can be held also via conference communication or other communications equipment, providing an opportunity for all the members of the Council at the same time to participate in deliberation over a matter and in decision-making. The Secretary of the Council shall draw up the minutes of such a meeting, which is signed by all the members of the Council who have participated in appropriate meeting of the Council.

4.9 Upon invitation of the Council, the members of the Board, as well as other persons may participate in the meetings of the Council.

4.10 The persons invited to the meeting of the Council with regard to settlement of the specific matter, shall participate in the meeting only, while the matter is examined, in respect of which they have been invited.

4.11 Minutes of the meetings of the Council shall be kept by the Secretary of the Council, or during his or her absence, other person appointed by the Council.

4.12 The minutes of the meeting of the Council shall specify:

- 1) The firm name of the Company;
- 2) The place and the time for holding the meeting of the Council;

- 3) The members of the Council, members of the Board, as well as the invited persons present;
- 4) The Agenda;
- 5) The progress and the content for discussion of the agenda matters;
- 6) The results of voting, by indicating the vote of each member of the Council "for" or "against" each decision;
- 7) The resolutions adopted;
- 8) Upon request of the member of the Council, - his or her differing opinion;
- 9) The time and the place of the next meeting of the Council, matters proposed for consideration, if any.

4.13 Resolutions of the meeting of the Council immediately after the meeting of the Council shall be signed by the Chairman of the meeting, the Secretary of the Council and one member of the Council elected by others who have participated in the meeting of the Council. The minutes of meeting of the Council shall be approved by the members of the Council having participated in the respective meeting of the Council. Each member of the Council having participated in the meeting of the Council shall be entitled to express his or her objections about the draft minutes of the meeting, until the next meeting of the Council, by indicating the reason for such objections.

Objections are reviewed and the minutes of the meeting of the Council shall be approved and signed at the next meeting of the Council.

In the cases when resolution of the Council is made via conference communication or other communications equipment, the members of the Council shall confirm the cast vote with a written confirmation, sending it to the Secretary of the Council till the end of the working day 17:00 o'clock after such meeting of the Council.

On the basis of the submitted written confirmations, the resolution shall be signed by the Secretary of the Council and the Chairman of the Council.

4.14 The resolution of the meeting of the Council shall be dated with the day when it has been adopted at the meeting of the Council.

## **5. Implementation of Resolutions of the Council**

5.1 Resolutions of the Council shall become effective on the day of adoption thereof, unless otherwise provided by the decision.

5.2 Implementation of the resolutions of the Council shall be ensured by the Board or by the persons to whom this has been assigned subject to resolution of the Council. Not later than 5 (five) days after the meeting of the Council, the Secretary of the Council shall prepare and issue copies of particular resolutions to the persons who are responsible for implementation thereof.

5.3 Resolution of the Council may prescribe that the person responsible for implementation of the resolution should report to the Council within a specified period of time. The Secretary of the Council must propose inclusion of such reports in the agenda of meeting of the Council.

## **6. Secretary of the Council**

6.1 The Secretary of the Council shall be appointed by the Council.

6.2 The Secretary of the Council shall be responsible for preparation of the meetings of the Council, timely sending of notifications and other documents, accurate reflection of proceedings of the meetings in minutes, timely completion of the minutes.

6.3 The Secretary of the Council shall register the minutes of the meetings and the resolutions of the

Council in the log-book, by conferring serial numbers thereto.

6.4 Notifications of the meetings of the Council and original accompanying documents, as well as original minutes shall be filed with the Secretary of the Council until archiving thereof in accordance with the procedure prescribed by law.

6.5 The Secretary of the Council shall send the draft minutes of meeting of the Council to all the members of the Council not later than 3 (three) weeks after the meeting of the Council and issue and issue or send copies of the minutes of meeting of the Council upon receipt of request.

## **7. Responsibility and Dismissal of the Members of the Council**

7.1 The members of the Council have to fulfil their duties in accordance with the requirements of the laws, and the Articles of Association, and the present Regulation.

7.2 The members of the Council, within one (1) month after the date of election, shall notify the Council, with which commercial companies they have employment relationship, which commercial companies are owned by them, capital shares in which commercial companies are owned by them, in which commercial companies they are members of a council or a board of directors. The same information shall be provided concerning their spouses and children.

For the purposes of this Article, commercial companies shall mean the commercial companies incorporated in the Republic of Latvia.

Any changes in relation to the information referred to in the present paragraph, the members of the Council have to communicate to the Council within one (1) month from the time of such changes.

7.3 . The member of the Council may at any time submit a request to release him or her from his or her office. In this case, the Chairman of the Council has to propose convocation of an extraordinary Meeting of Shareholders, where the entire membership of the Council is re-elected. The member of the Council shall be released from responsibility by the next regular Meeting of Shareholders.

7.4 The members of the Council each year, not later than three months after the end of the annual report have to provide to the Company the information required for drawing up annual report in accordance with the Law On the Annual Accounts of Undertakings and the International Accounting Standards.

## **8. Confidentiality**

8.1 Information related to operations of the Company shall be confidential information.

8.2 The members of the Council and the Secretary of the Council, as well as any other officials or employees of the Company do not have the right to disclose confidential information to third parties. The term "third party" in the context of this chapter includes any legal or natural person not entitled to receive this information in accordance with the laws of the Republic of Latvia, the Articles of Association and the present Regulation.