



***AS Augstsprieguma tīkls* Audit Committee Regulations**

1. General provisions

1.1. *AS Augstsprieguma tīkls* (hereinafter – the Company) Audit Committee (hereinafter – the Audit Committee) has been established and operates in accordance with the provisions of the Law on Audit Services, Chapter II¹ of Section D of the Financial Instrument Market Law (hereinafter – the Law) and the requirements of Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding the statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (hereinafter – Regulation No. 537/2014).

1.2. The Company shall provide the Audit Committee with the necessary financial and other resources, as well as all the required information necessary for the performance of its tasks.

1.3. In its activities, the Audit Committee abides by the legal acts in force in the Republic of Latvia, the Company's Statutes, the Regulations of the Audit Committee (hereinafter – the Regulations), the Regulations of the Supervisory Board and the Regulations of the Board, as well as other internal regulations of the Company.

2. Tasks of the Audit Committee

2.1. To supervise the process of preparation of the Company's Annual Report and Consolidated Annual Report and to submit proposals to the Supervisory Board of the Company to ensure the reliability and objectivity of the Annual Report and Consolidated Annual Report.

2.2. To supervise the effectiveness of the Company's internal control, risk management and the Company's Internal Audit Department in so far as ensuring the reliability and objectivity of the Annual Reports and Consolidated Annual Reports is concerned, and make proposals to address the deficiencies of the relevant system.

2.3. To supervise the audit process of the Company's Annual Report and Consolidated Annual Report. To monitor the progress of the audit referred to in this paragraph, the Audit Committee shall also consider the conclusions made by the Ministry of Finance of the Republic of Latvia (as the competent authority under the Law on Audit Services) in the inspection of compliance with the quality control requirements and the conclusions on the quality of professional activities of the sworn auditor appointed by the Company or the commercial company of sworn auditors (hereinafter also – the sworn auditor) published on the website of the Ministry of Finance of the Republic of Latvia (hereinafter – the Ministry of Finance).

2.4. To check and monitor whether the sworn auditor appointed by the Company complies with the requirements of independence and objectivity specified in the Law on Audit Services before the commencement and performance of the audit of the Company's Annual Report, the provisions of Article 6 of Regulation No. 537/2014 on the preparation for that audit and the assessment of threats to their independence and the prohibitions on the provision of non-audit services set out in Article 5 hereto.

2.5. To inform the Supervisory Board of the Company about the conclusions made by the sworn auditor in the audit of the Company's Annual Report and Consolidated Annual Report and provide an opinion on how this audit has contributed to the reliability and objectivity of the Company's Annual Report, as well as on the role of the Audit Committee.

2.6. To ensure the selection process of candidates for sworn auditors in the Company in accordance with Article 16 of Regulation No. 537/2014 and to recommend a candidate for a sworn auditor for the provision of audit services to the Shareholders' Meeting of the Company. (Except where, in accordance with Article 16 (8) of Regulation No. 537/2014, the Company's Shareholders' Meeting has established another entity whose task is to provide a recommendation to the Company's Shareholders' Meeting for the selection of the Company's sworn auditor).

2.7. The Audit Committee also fulfils the tasks assigned to the Audit Committee by Regulation No. 537/2014.

2.8. In addition, the Audit Committee performs the following tasks:

2.8.1. Each year, submits a written Report on its activities and the fulfilment of the tasks set for the Audit Committee (hereinafter – the Annual Report of the Audit Committee) to the Supervisory Board of the Company.

2.8.2. Reports to the Supervisory Board of the Company on the identified deficiencies and violations (if any) during the process of preparation and audit of the Company's Annual Report, as well as in the effectiveness of internal control, risk management and the Company's Internal Audit Department in relation to quality assurance.

2.8.3. Immediately reports to the Supervisory Board and the Board of the Company if it is established that the qualification or professional experience of the sworn auditor is not sufficient to perform a quality audit or that the sworn auditor has not complied with the independence requirements specified in the Law on Audit Services.

3. Rights of the Audit Committee

In addition to the rights provided for in Regulation No. 537/2014, the Audit Committee shall have the following powers:

3.1. To request and receive from the Board of the Company, the sworn auditor, as well as from the Internal Department, the information and documents necessary for the Audit Committee to perform the tasks assigned to it.

3.2. To participate in the Company's Shareholders' Meetings.

3.3. To provide the Company's Shareholders' Meetings and Supervisory Board with opinions and reports on issues within the competence of the Audit Committee.

3.4. The institutions, structural units and persons referred to in Paragraph 3.1 of the Regulations are obliged to provide the Audit Committee or its members with the information necessary for the performance of its tasks if the requested specific information is related to the performance of tasks.

3.5. The Audit Committee independently makes decisions in relation to the tasks specified in the Law and Regulation No. 537/2014.

4. Composition and Structure of the Audit Committee

4.1. The Audit Committee is a collegial body consisting of three members, at least one of whom is a member of the Supervisory Board of the Company.

4.2. The members of the Audit Committee are elected by the Company's Shareholders' Meeting for three years.

4.3. The Audit Committee shall be impartial and independent in its activities and decision-making. A member of the Audit Committee shall perform his or her duties in good faith and shall not compromise the independence of the Audit Committee.

4.4. The work of the Audit Committee is chaired by its chairperson, who is elected from among the members of the Audit Committee. In the absence of the Chairperson of the Audit Committee, their duties shall be performed by a member of the Audit Committee appointed by the Chairperson.

4.5. A member of the Audit Committee may not delegate the performance of their duties to another person.

4.6. An authorisation agreement is concluded with the members of the Audit Committee on the performance of the duties of a member of the Audit Committee. The members of the Audit Committee, except for the member of the Supervisory Board elected to the Audit Committee, are remunerated, the amount of which is determined by the Company's Shareholders' Meeting.

4.7. A person with an impeccable reputation in accordance with the requirements specified by the Law is permitted to be a member of the Audit Committee.

4.8. The majority of the members of the Audit Committee have knowledge of the industry, in which the Company operates. At least one member of the Audit Committee shall have higher education in economics, management, or finance and at least three years of relevant professional experience in preparing or auditing an Annual Report and Consolidated Annual Report, or the relevant member of the Audit Committee is a sworn auditor.

4.9. A member of the Board of the Company, a procurator or a person with a commercial power of attorney, a sworn auditor who provides audit services to the Company or has provided such services to the Company during the last three years prior to applying for the position of a member of the Audit Committee, as well as a member of the board of a company controlled by the Company (subsidiary) or a person who is entitled to represent the controlled company (subsidiary).

4.10. A member of the Audit Committee may not have an employment relationship with the Company.

4.11. At least two (2) members of the Audit Committee are independent in accordance with the requirements of the Law.

4.12. A member of the Audit Committee may be removed from the office at any time by the decision of the Company's Shareholders' Meeting.

4.13. A member of the Audit Committee may resign as a member of the Audit Committee at any time by notifying the Company in writing.

4.14. The resignation, recall, and election of new members of the Audit Committee shall take place in accordance with the Law.

5. Operation of the Audit Committee

5.1. Meetings scheduled during the calendar year shall be held at the time specified by the Chairperson of the Audit Committee, but not less than three times a year, in accordance with the schedule of meetings agreed upon at the beginning of the year.

5.2. Each member of the Audit Committee, the Supervisory Board and the Shareholders' Meeting is also entitled to propose the convening of an extraordinary meeting of the Audit Committee by giving notification in writing, substantiating the necessity and purpose of convening the meeting.

5.3. The Audit Committee has a secretary (employee assigned by the Company), whose task is to support the Audit Committee to ensure its effective operation. The tasks of the secretary include organising the meetings of the Audit Committee, preparing the agenda of the meetings, coordinating the preparation of the necessary materials, preparing, and sending the minutes of the meetings.

5.4. The meetings of the Audit Committee are chaired by its Chairperson. In their absence, the Chairperson of the Audit Committee shall be replaced by another member of the Audit Committee upon their written instruction.

5.5. The Audit Committee has the right to engage independent consultants. The remuneration of such external consultants is recommended by the Audit Committee and approved by the Supervisory Board of the Company.

5.6. Notice of the place, time, and date of each meeting of the Audit Committee, as well as the agenda together with the prepared additional materials, shall be prepared and sent to all members of the Audit Committee and invited members of the Audit Committee at least three working days before the planned Audit Committee meeting if no other deadline has been agreed upon.

5.7. The Company's auditor is informed about each planned meeting of the Audit Committee, including the agenda, at least three working days before the scheduled meeting of the Audit Committee.

5.8. The agenda of the meeting of the Audit Committee is also sent to the Supervisory Board and Board of the Company for information purposes.

5.9. Only members of the Audit Committee have the right to participate in the meetings of the Audit Committee. If necessary, the Audit Committee determines the group of persons to be invited to participate in the meeting of the Audit Committee.

5.10. Meetings of the Audit Committee may be held in person or in absentia – by electronic means, which allow the members of the Audit Committee to simultaneously participate in the discussion of the issue and decision-making, if this activity is duly documented. On-site meetings of the Audit Committee are held at the registered office of the Company, but external meetings may be held in accordance with the decision of the Audit Committee.

5.11. A meeting of the Audit Committee (in person or in absentia) has a quorum if more than half of the members of the Audit Committee participate in the meeting.

5.12. At the meeting of the Audit Committee, each member of the Audit Committee has one vote. The Audit Committee shall take decisions on the items on the agenda by a simple majority from the number of members of the Audit Committee present. In the event of a tie, no decision shall be taken. Voting at the meetings of the Audit Committee is open.

5.13. Minutes of the Audit Committee shall be recorded.

5.14. Minutes of the meetings of the Audit Committee shall be prepared and kept by the Secretary of the Audit Committee, including a list of persons who participated in the meeting of the Audit Committee. It is the responsibility of the members of the Audit Committee to review, revise (if necessary) and sign these minutes.

5.15. The minutes of the meetings shall be signed by the Secretary of the Audit Committee and all members of the Audit Committee who participate in the meeting.

5.16. The Audit Committee is entitled to keep the minutes of the meetings and other prepared documents confidential.

6. Liability of the Members of the Audit Committee

6.1. A member of the Audit Committee shall be prohibited from disclosing information to third parties, including any trade secret, which has been entrusted to him or her or which has become known to him or her in the performance of his or her duties as a member of the Audit Committee. A member of the Audit Committee shall be responsible for the unlawful disclosure of any information, including trade secrets, received in the performance of his or her duties and not disclosed to the public. The prohibition shall continue to apply to a member of the Audit Committee even after he/she has resigned from the position of a member of the Audit Committee.

6.2. When leaving the position of a member of the Audit Committee, the member of the Audit Committee is obliged to make available to the Company, all documents made available to them or prepared by them in the performance of their duties as a member of the Audit Committee, as well as the information transferred and stored by them in connection with the performance of said obligations (including the information stored on a computer or electronic medium).

6.3. The Company is obliged to forward the documents and information received from the member of the Audit Committee to the Audit Committee, ensuring the invariability of the content of these documents and information from the moment of their receipt until the moment of their submission to the Audit Committee.

6.4. If the members of the Audit Committee act unlawfully, violate their powers, or do not comply with the Law, the Company's Statutes, or decisions of the Shareholders' Meeting, or act abusively or negligently, they are liable for damages caused to the Company and other persons.

6.5. The Company may bring a claim against the members of the Audit Committee in accordance with the procedures specified in the Commercial Law regarding the raising of claims of the Company.

7. Identification of Conflicts of Interest in the Activities of the Members of the Audit Committee

7.1. A member of the Audit Committee shall, upon taking up their duties and once a year thereafter, complete a declaration of economic interests stating all their material interests and obligations, including information on investments made, credit commitments, declarable professional activities and other paid positions or activities.

7.2. In any case, a member of the Audit Committee shall be deemed to have a conflict of interest if any of the following criteria is met in relation to the member of the Audit Committee:

7.2.1. has been involved in the daily decision-making of the Company's management during the last year;

7.2.2. has been in direct significant commercial relations with the Company during the last three years;

7.2.3. has been related to the Company or indirectly related to the Company (for example, subsidiaries or associates) or has been the owner or manager of another merchant who has had significant economic transactions with the Company during the last three years;

7.2.4. has received or is receiving additional remuneration from the Company, is involved in the Company's incentive schemes related to receiving remuneration in the form of the Company's shares or share-related instruments, or is involved in receiving retirement benefits in the Company;

7.2.5. has been a member of the Supervisory Board of the Company for more than nine years since the first election;

7.2.6. close family ties (marriage, kinship, or affinity, as well as persons sharing a household) with a natural person to whom any of the above criteria apply.

7.3. The members of the Audit Committee (including the independent members of the Audit Committee) are obliged to report to the Audit Committee on the existence of any existing or potential conflict of interest in the activities of the member of the Audit Committee.

7.4. Each and every member of the Audit Committee is personally responsible for the timely reporting of any existing or potential conflict of interest in writing to the Chairperson of the Audit Committee. Upon the receipt of such a report, the Chairperson of the Audit Committee shall determine the procedure for further action in relation to the particular member of the Audit Committee, assessing the significance and impact of each particular case.

7.5. If a potential or existing conflict of interest has been identified in relation to the Chairperson of the Audit Committee, the Chairperson shall immediately inform the Supervisory Board of the Company in writing, and it shall determine further actions to manage the conflict of interest.