

TRANSLATION

APPROVED

by the resolution of the Council of Joint Stock Company "Conexus Baltic Grid" meeting on the 25th of March, 2021, minutes No 2 (2021)

REGULATION OF THE COUNCIL OF JOINT STOCK COMPANY "CONEXUS BALTIC GRID"

Riga

March 30, 2021

No INA-PAN-002

The regulation (hereinafter "Regulation") of the Council (hereinafter "Council") of Joint Stock Company "Conexus Baltic Grid" (hereinafter "Company") has been drawn up on the basis of the applicable laws and regulations, and Articles of Association of the Company (hereinafter "Articles of Association").

The Regulation of the Council (hereinafter "Regulation") of the Company shall determine the general principles of operations, competence, rights, obligations and responsibility of the Council.

I. Composition of the Council

1. The Council consists of seven Council members.
2. Council is elected by the Company's Shareholders' (hereinafter "Shareholders" and each individually also "Shareholder") meeting (hereinafter "Shareholders' meeting").
3. A Council member may not entrust to another person the performance of their obligations.
4. Council members are nominated and elected according to the procedure set forth in the Articles of Association.
5. Council elects Chairperson of the Council and one Deputy Chairperson from amongst themselves by simple majority of votes.
6. Chairperson of the Council directs the work of the Council in accordance with the laws and regulations, Articles of Association, the Regulation, and the resolutions of the Shareholders' Meeting, as well as by the Regulation is authorised to conclude the necessary agreements with the members of the Company's Board. Deputy Chairperson of the Council performs the duties of the Chairperson of the Council in their absence or according to the assignment given by the Chairperson of the Council.
7. Only the Chairperson and Deputy Chairperson of the Council are entitled to give public announcements on behalf of the Council, informing the Company's Communication division of the content of the announcements at least one hour prior to giving the announcement.

8. Changes to the composition of members of the Council are reported by the Company's Board (hereinafter "Board") to the Commercial Register authority by submitting the documents stipulated by the laws and regulations.

II. Competence of the Council

9. Council is the supervisory institution of the Company, which represents the interests of Shareholders during the time periods between the Shareholders' Meetings and supervises the activities of the Board within the scope specified by the laws and regulations, and the Articles of Association.

10. Council's functions are:

10.1. to monitor that the business of the Company is conducted in accordance with the applicable laws and regulations, the Articles of Association, the resolutions of the Shareholders' meeting and the Regulation of the Board;

10.2. to elect members of the Board, taking into account the areas of competence needed for Company's governance, indicating the specific member's of the Board main area/-s of competence as stated in the Regulation of the Board in the resolution of the Council, as well as to revoke members of the Board, to continually supervise the activities of the Board, set the remuneration for the members of the Board in accordance with the remuneration policy;

10.3. to review the issues, for which the Board according to the Articles of Association needs a prior consent of the Council;

10.4. to examine the annual accounts of the Company and report on dependency or report on economic activities and the proposal of the Board for the use of the profits and draw up its report;

10.5. to represent the Company in a court in all actions brought by the Company against members of the Board, as well as in actions brought by the Board against the Company, and to represent the Company in other legal relations with members of the Board;

10.6. to evaluate Company's operations and reports of the Board, as well as to make proposals for the improvement of the Company's operations;

10.7. to examine in advance all issues which are within the competence of the Shareholders' Meeting or which, pursuant to the proposal of members of the Board, the Council, or the Shareholders' have been proposed for discussions at the Shareholders' meeting, and to provide its opinion on them;

10.8. to elect permanent or temporary committees to consider particular issues or prepare reports, including Audit Commission, approving regulations of the permanent committees;

10.9. to approve Company's medium-term operational strategy, and supervise its implementation;

10.10. to determine the list of all the policies to be implemented in the Company and approved by the Council, and to approve said policies; these policies must include at least the following key areas of governance practices: corporate governance, risk management, internal audit, human resources, preventing conflicts of interest, whistleblowing, sustainability, personal data protection, assessment of counterparties, sanctions risk management, information disclosure, circulation of information and confidentiality, code of ethics;

10.11. to approve annual internal audit plan and its amendments;

10.12. to give consent to concluding transactions and approving documents specified in the Articles of Association;

10.13. to assess the report on effectiveness of internal control system;

10.14. to perform other functions stipulated by the laws and regulations.

11. Council members have the right at any time to request that the Board report on the circumstances of the Company, as well as any other separate issue, to receive full information

on the Company and the transactions concluded by it, to review budget, balance sheet, auditors' reports regarding the Company, to review other Company's registers and documents, cash register, securities. Respective member of the Council is obliged to inform the rest of the Council members of such information request, and requested information is provided to all members of the Council.

12. Council has the right to recall any Board member at any time, if there is a serious reason. A serious reason in any case shall be deemed a Board member's non compliance with the independence requirements set by the laws and regulations, 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 given by the Shareholders' Meeting. A new member of the Board shall be not later than within a month after the revocation of Board member.

13. Council does not have the right to decide on issues, which are within the competence of the Board, however Board requires Council's approval in deciding matters stipulated in the laws and regulations, Articles of Association, the regulation and Regulation of the Board.

III. Preparation and convocation of the meeting of the Council

14. Council holds its meetings as needed, but not less frequently than once a quarter.

15. Chairperson of the Council convenes the regular meetings in the dates set by the Council, agreeing with the Board.

16. Extraordinary meetings are convened by the Chairperson of the Council at the request of the Board or any member of the Council. In the request for convening extraordinary meeting, its reason and objective must be stated.

17. If the Chairperson 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 is entitled to convene a Council's meeting, by explaining the state of affairs.

18. Agenda of the Council's meeting is prepared based on the resolutions made in the previous meeting of the Council regarding the matters to be reviewed in the next meeting, proposals from the Council members and the Board.

19. Proposal for inclusion of the matter in the agenda of meeting of the Council must be accompanied by a draft resolution and other supporting documents and materials needed to resolve the respective matter. Draft resolutions and the materials added to them are to be submitted to the secretary of the Council. Member of the Council is entitled to submit their comments or proposals on the draft resolutions until the Council's meeting or during it. During the meeting, Chairperson of the Council informs about such comments and proposals received prior to the meeting.

20. When deciding on inclusion of any matter in the agenda of the next Council's meeting, the Council may instruct the Board to prepare draft resolution and gather necessary documents and materials.

21. The draft resolutions submitted for review at the Council's meeting must have precise and concise wording, indicating the deadlines for implementing the resolution and the executors.

22. The proponent must prepare and enclose to the materials short summary, providing reasons for the need to adopt the respective resolution and indicating the speaker, as well as persons to be invited to the Council meeting regarding the review of this resolution.

23. Proponent is responsible for the accuracy and sufficiency of the facts and data referred to in the materials submitted, as well as for compliance of the prepared draft resolution with the laws and regulations.

24. Secretary of the Council prepares the draft agenda for the Council's meeting and submits it to the Chairperson of the Council for agreeing. Secretary of the Council uploads the agreed agenda in the information system used in the Company, enclosing the draft resolutions and other supporting materials. Preparing of the draft agenda for the meeting, submitting draft resolutions, documents and other materials, availability of announcements on convening Council's meetings, as well as draft resolutions and materials for review, is ensured to the members of the Council electronically.

25. Secretary of the Council notifies Council members on the next meeting of the Council at least two weeks prior to the day of the meeting, unless an agreement has been reached on other deadline, ensuring the electronic availability of the draft agenda, draft resolutions, supporting documents and other materials. When announcing the extraordinary meeting, the deadline for providing materials to Council members is one week, unless an agreement has been reached on other deadline. Extracts from minutes of related Board meetings are submitted to the Council members not later than the day before the Council's meeting.

26. The working languages of the Council are Latvian and English. Council may determine the working language for holding Council's meetings and receiving meeting materials, taking into account the interests of the minority shareholders. Agenda of the Council's meeting, draft resolutions and minutes are prepared and after approval signed in Latvian and English.

27. Unless otherwise stated in the notice regarding the Council's meeting, Council's meetings are held at the legal address of the Company.

28. Proponent of the next meeting of the Council or of including in the agenda of Council's meeting specific matter must submit to the secretary of the Council the documents and other information necessary for reviewing said matter at least three working days prior to the deadline set in Paragraph 25 of the Regulation.

29. Review of matters proposed for inclusion in the agenda of the Council's meeting or related documents that have not been submitted to the Council members within the deadline set in Paragraph 25 of the Regulation is possible only if the Council members do not object to it.

IV. Proceedings of the Council's meeting

30. Council is entitled to take decisions if more than half of the Council members are participating in the meeting. Absent members of the Council are entitled to vote on any matter by conveying their vote in writing to any other Council member, and in such case, they are considered to be present in resolving the relevant matter.

31. Members of the Council, secretary of the Council, members of the Board and speaker take part in the meeting of the Council, as well as such invited persons whose participation in the meeting has been accepted by the Council. Persons invited to the Council's meeting regarding the resolving of a specific matter, take part in the meeting only while the relevant matter is being discussed, not participating in the voting part of the meeting.

32. Council's meetings can be convened remotely, as well as, in meetings convened in person, members of the Council may participate remotely and submit their vote by using electronic means of communication that ensure the members of the Council the opportunity to simultaneously participate in the discussion of the issue and the taking of the decision, and such activities are appropriately documentarily recorded in the minutes of the meeting. Agenda of the Council's meeting, draft resolutions and materials are available to the Council members electronically in the information system used in the Company. Secretary of the Council prepares the minutes of such meeting that is signed in accordance with the provisions of the Commercial law and the Regulation. In the minutes of the Council's meeting held by using the electronic means of communication, additional mark "remotely" is indicated regarding the participation of the members of the Council.

33. Council members unable to participate in the meeting of the Council must notify on it the Chairperson of the Council and the secretary of the Council.

34. If Council's meeting is not entitled to take decision because of lack of quorum, Chairperson of the Council convenes a new meeting of the Council within 15 days, notifying on it all members of the Council.

35. Meeting of the Council is chaired by the Chairperson of the Council or, in their absence, the Deputy Chairperson of the Council in accordance with the provisions of Paragraph 6 of the Regulation.

36. In the beginning of the Council's meeting, Chairperson of the Council meeting introduces the members of the Council with the proposed agenda. Council approves the respective agenda of the Council's meeting by starting the Council's meeting. Members of the Council are entitled to propose additional matters for inclusion or make any other changes in the agenda until the resolution is made on approval of the agenda.

37. Council may discuss matters not included in the agenda only if all members of the Council participating in the meeting agree to it. Decision can be taken in such matter only if none of the Council members oppose reviewing the matter.

38. Each member of the Council has one vote. Resolutions of the Council are adopted by simple majority of votes of Council members present. Voting is done by open ballot. In event of a tied vote, the vote of the Chairperson of the Council prevails.

39. Council member is obliged to inform the Council not later than until the approval of the agenda of the Council's meeting if, in regard to the specific matter of the agenda, conflict of interest occurs or may occur between the interests of the Company and personal or economic interests of any of the Council member, their father, mother, grandmother, grandfather, child, grandchild, adopted, adopter, brother, sister, step-sister, step-brother, spouse, or person with whom they have a shared household (de facto cohabitation). This member of the Council does not take part in the voting on the respective matter in the agenda and their participation in the meeting is not taken into account (the member of the Council is regarded as non-present) when deciding quorum for resolving the respective matter. Member of the Council who fails to comply with these provisions is responsible for the losses caused to the Company.

40. Council is entitled to hold a closed meeting without the participation of the Board.

41. Voting results are indicated in the minutes. Members of the Council do not have a right to recall or change their vote after the announcement of the voting results.

42. Minutes of the Council meeting are recorded by the secretary of the Council or, in their absence, by other person appointed by the Council.

43. Minutes of the Council's meeting are prepared, taking into account the provisions of the Commercial law.

44. If meeting of the Council is held in person, resolutions of the Council's meeting are signed immediately after the Council's meeting by the chair of the meeting, secretary of the Council and all members of the Council who participated in the Council's meeting. In case of a remote meeting, resolutions are signed without delay and Council may determine that they are signed in accordance with the procedure regarding minutes of meetings of the Council stipulated by the Commercial law.

45. Secretary of the Council sends the draft minutes of the Council's meeting to all members of the Council electronically. Each member of the Council who participated in the Council's meeting has the right until the next meeting of the Council to electronically submit objections regarding the draft minutes of the meeting, specifying the reason for such objections.

46. Objections about the draft minutes of the meeting of the Council are reviewed and minutes of the Council's meeting are signed not later than at the next meeting of the Council. If all members of the Council have agreed on the draft minutes of the Council's meeting, the minutes of the Council's meeting are signed prior to the next meeting of the Council. The minutes of the meetings of the Council are signed by the members of the Council, who were present at the respective meeting of the Council, and by the secretary of the Council.

47. If resolution of the Council is adopted by using electronic means of communication (all or part of the members of the Council have participated in the meeting remotely), members of the Council confirm the vote casted by signing the resolutions within three days. If, in the meeting of the Council, it is decided not to signed the minutes and resolutions of the meeting by all participants of the meeting, taking into account the provisions of the Commercial law and Paragraph 32 of the Regulation, participants of the meeting have to provide written or electronic confirmation regarding the vote they casted within three days.

V. Execution of the resolutions of the Council

48. Resolutions of the Council come into force as of the day of adoption thereof, unless the resolution determines otherwise.

49. The execution of the resolutions of the Council is ensured by the Board or persons instructed of it in the resolution of the Council. Secretary of the Council, not later than on the next day after the signing of the resolutions, prepares and delivers extracts of the respective resolutions to the persons responsible for their execution.

50. In the resolution of the Council, it can be stated that the person responsible for the execution of the resolution must report to the Council within a set deadline. It is the duty of the secretary of the Council to propose inclusion of such reports in the agenda of the Council's meeting.

VI. Secretary of the Council

51. Secretary of the Council is appointed by the Council.

52. Secretary of the Council is responsible for organising meetings of the Council, timely submission of notifications and other information, accurate reflection of the proceedings of the meeting in the minutes, timely preparation of the minutes.

53. Secretary of the Council registers the minutes of the meetings of the Council and the resolutions electronically, as well as ensures electronic circulation of the agenda of the meeting of the Council, meeting materials and minutes.

54. Resolutions, minutes of the meetings of the Council and the enclosed meeting materials are kept by the secretary of the Council until storing them in the archive in accordance with the procedure set by the laws and regulations.

55. Secretary of the Council ensures that the agendas of the Council's meetings, resolutions, minutes and Council's meeting materials are uploaded and stored in the information system that is available to the members of the Council and whose administration and maintenance is ensured by the Company. Secretary of the Council sends out to the members of the Council notice regarding the upload of the necessary information for the meeting of the Council in the information system used in the Company. Notice is sent to the e-mail address indicated by the members of the Council. In the information system, all information regarding the meeting of the Council is saved and stored, as well as the resolutions adopted by the Council, minutes of the meetings of the Council and their drafts.

56. Secretary of the Council ensures that the resolutions adopted and signed by the members of the Council are uploaded in the information system used in the Company not later than in the next day after their signing, whereas minutes of the meetings of the Council – not later than three weeks after the meeting of the Council by sending them to the members of the Council for agreeing electronically. After receiving approval from all members of the Council and, if necessary, after making the necessary corrections, secretary of the Council ensures the signing, registering and, not later than during the next day after their signing, uploading of the minutes of Council's meeting in the information system used in the Company.

VII. Duties, rights and responsibilities of members of the Council

57. Members of the Council must perform their duties in accordance with provisions of the applicable laws and regulations, the Articles of Association and these Regulations. Members of the Council has an obligation to follow the restrictions stipulated in the laws and regulations, including the Energy law.

58. Members of the Council must within one month from the date of their election notify the Council which commercial companies are owned by them, in which commercial companies most of the capital shares are owned by them, in which commercial companies they are members of the council or the board, or take any other office with right of representation, as well as must give information of their main employment positions and, if they may potentially give rise to a conflict-of-interest situation, then also regarding additional employment positions. The same information must be provided concerning their spouses and children. Said information is to be reviewed at the next meeting of the Council after the election of Chairperson and Deputy Chairperson of the Council. For the purposes of this Clause, commercial companies shall mean the commercial companies registered either in the Register of Enterprises of the Republic of Latvia or in another country in an equivalent competent authority.

59. Members of the Council must inform the Council regarding any changes in relation to the information stated in the Paragraph 58 of the Regulation within one month from the day of the change.

60. Member of the Council may submit a notification at any time regarding leaving the office. In such case, the Board must propose announcing the extraordinary Shareholders' meeting in which the entire composition of the Council is re-elected.

61. Members of the Council must annually, not later than after three months after the end of the accounting year, submit to the Company's Board information needed to prepare the annual report in accordance with the Law on the Annual Financial Statements and Consolidated

Financial Statements, and the requirements of the international accounting standards, and to prepare the report on dependency in accordance with the Group of Companies Law.

62. Members of the Council once a year perform self-assessment of the Council's work, and reviews its results in the meeting of the Council.

63. Members of the Council for performing their duties are provided with access to the information system used in the Company in which the circulation of the materials for meetings of the Council, registering of the minutes and resolutions, their storage is ensured, as well as Members of the Council have the right to request and receive the technical and administrative support needed for performing the duties.

VIII. Protection of information

64. Information that, in accordance with the internal rules and regulations of the Company, is considered to be information subject to protection, is not to be disclosed to third parties.

65. Members of the Council and secretary of the Council, as well as any other official or employee of the Company, do not have the right to disclose the information subject to protection to third parties. For the purpose of this Section the term "third party" includes any legal entity or natural person that, in accordance with the applicable external and internal laws and regulations, Articles of Association, regulation and resolutions of the Council, does not have the right to receive such information.

66. Upon expiry of the term of office, the member of the Council submits to the secretary of the Council all the technical equipment at their disposal related to performance of the duties of the member of the Council, as well as irreversibly erases, destroys the information and documents received from the Company, providing a written certification on that.

Chairperson of the Council

(personal signature*)

Ilmārs Šņucins

* Document is signed with secure electronic signature