



AS "AUGSTSPRIEGUMA TĪKLS" CORPORATE GOVERNANCE REPORT

2025

The Corporate Governance Report of AS “Augstsprieguma tīkls” (hereinafter also “AST” or “the Company”) for 2025 has been prepared in compliance with the requirements of Section 56.² of the Financial Instruments Market Law (hereinafter also “the FITL”), in compliance with the Republic of Latvia Cabinet Regulation No. 175 of 15 March 2022 *Regulations on Corporate Governance Recommendations Applicable to Public Person Capital Companies and Public-Private Capital Companies, the Latvian Corporate Governance Code 2025 Good Corporate Governance Recommendations for Companies in Latvia* (hereinafter “the Corporate Governance Code”), the recommendations of the European Union and the Organization for Economic Cooperation and Development for the corporate governance of capital companies, taking into account the laws and regulations of the Republic of Latvia.

More information on corporate governance can be found in the consolidated Sustainability Report of the Augstsprieguma tīkls Group. The Corporate Governance Report is publicly available on the AST website: <https://www.ast.lv/en/content/model-corporate-governance>.



ON COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

The Management Board of AS “Augstsprieguma tīkls” has assessed the Company’s compliance with the corporate governance principles included in the Corporate Governance Code. Having assessed both the Company’s governance system and compliance with the principles in 2025, the Management Board believes that AST has complied, in all material respects, with all corporate governance principles applicable to its operations.

In accordance with the requirements of Section 56.² of the FITL, in the Corporate Governance Report, the Company additionally provides information on the main elements of the internal control and risk management system applied in the preparation of financial statements.

The Company has implemented an effective internal control system, which, among other things, ensures control over the process of preparing financial statements. The control environment includes both preventive and investigative controls, which ensure the timely detection and correction of errors and inaccuracies. As part of the preventive control system, the Company has approved and implemented a series of internal documents that determine the directions and processes of operations. Such a system encompasses, for example, the implementation of the four-eyes principle, the systematic preparation of internal management reports, and a clearly defined division of duties.

The internal control function is performed by the Company’s Management Board and supervised by the Internal Audit Function, as well as the Audit Committee, and the supervisory body – the Council. External and internal control of the Company’s activities takes place

in accordance with the established procedure, ensuring continuous and independent oversight.

The auditor of the Company’s financial statements is prohibited from providing services that impair or could impair their independence. The selection of the auditor is based on the following basic criteria: an internationally recognised auditing company that has not provided financial statement audit services to the company in recent years, applying the lowest price criterion.

The Company and its subsidiary must obtain the prior consent of the AST Audit Committee to receive any services from the sworn auditor and the commercial firm of sworn auditors that conducts the audit of the AST financial statements and sustainability report. The company ensures that the term of office of one external auditor does not exceed five (5) years.

The preparation and audit of the Company’s financial statements and consolidated financial statements are overseen by the Company’s Audit Committee.

The Corporate Governance Report of AS “Augstsprieguma tīkls” for 2025 has been approved by the Management Board in Riga, on 24 April 2026.

Designations

- The principle/criterion has been fully complied with;
- The principle/criterion has not been fully complied with or is not applicable to the Company’s operations.

PRINCIPLE #1

The Company has established a strategy that defines its objectives and sets the direction for long-term value creation

The company has established a strategy, the draft of which is developed by the management board

The council is involved in the strategy development process and approves the strategy at a council meeting.

The council monitors the implementation of the strategy

The company's management board implements the strategy and regularly reports to the council on the progress of its implementation.

- In 2025, the medium-term operational strategy of the AS "Augstsprieguma tīkls" Group (hereinafter also "the Group") for 2021-2025 remained in effect.
- In 2025, the Company developed the Group's medium-term operating strategy (hereinafter also referred to as "the Strategy") for the forthcoming period from 2026 to 2030.
- The draft of the Group's medium-term operational strategy for 2026-2030, developed by the AST Management Board, was accepted by the resolutions of the Company's Management Board on 19 September 2025 and the Council on 26 September 2025. After receiving opinions from the coordinating institution and the sectoral ministry, the Strategy will be approved by a decision of the Company's Council, in accordance with the procedures prescribed in the Law on Governance of Capital Shares of a Public Person and Capital Company.
- Based on the goals defined in the Strategy, the Company's Management Board develops, and the Council approves the Company's goals for the current year. By the decision of the AST Management Board of 19 November 2025, the AST work plan, objectives and their performance indicators for 2026 were accepted, which was approved by the decision of the AST Council of 11 December 2025.
- The Company ensures regular monitoring of the implementation of goals by reviewing the progress of the implementation of goals at a quarterly Management Board meeting, as well as submitting a report to the Council.

PRINCIPLE #2

The Company develops an internal culture and ethical conduct policy that serves as a standard of behaviour for the Company's management and employees

The council defines the company's values

The management board prepares, and the council approves a policy that includes internal culture and principles of ethical behaviour

The management board ensures compliance with the internal culture and principles of ethical behaviour in the company's daily operations and responds if their violation is detected.

- AST's mission, vision and values are determined in accordance with the strategic goal and AST's role as a transmission system operator in the Latvian economy.
- The Company sets corporate values, as well as high professional conduct and ethics standards, ensuring that they are directed against corruption, preventing conflicts of interest in daily operations, unlawful use of inside information, and any other illegal and unethical behaviour.¹
- The Company's Management Board has developed, and the Council has approved The Code of Corporate Values and Ethics. A new edition of the Company's Code of Ethics (Code) was developed in 2024 and approved by the resolutions of the AST Management Board and Council in November 2024. The Code of Ethics is available on the company's website: <https://www.ast.lv/en/content/code-ethics>.
- The purpose of the Code is to create a unified set of ethical conduct standards within the Company and to strengthen the Company's internal culture, business practices and reputation by establishing basic ethical principles and internal organizational measures based on the Company's core values, as well as by promoting a safe and inclusive work environment. Appropriate measures are being implemented to promote the implementation of these principles in daily operations; detailed information is provided in the Sustainability Report section "Business Policy and Corporate Culture".
- To ensure fair and objective resolution of disputes arising from the Code, the Company has established an Ethics Commission, which also includes a representative of the Augstsprieguma tīkls trade union.
- Effective, confidential and easily accessible whistleblowing mechanisms are provided, allowing for the safe reporting of corruption and other violations as defined in the Whistleblowing Law: <https://www.ast.lv/en/content/whistleblowing>.

¹ <https://www.ast.lv/en/content/model-corporate-governance#CGP> Para. 4

PRINCIPLE #3

The Company has established an internal control system, the effectiveness of which is monitored by the council

The company has a documented internal control system, the creation of which is the responsibility of the management board

The internal auditor assesses the effectiveness of the internal control system using a risk-based approach and reports the results of the assessment to the council

The council evaluates the assessment of the effectiveness of the internal control system

- The Company has established and is constantly improving an internal control (including internal audit) and risk management system.
- Since the end of 2002, AST has implemented, certified, maintains and develops an Integrated Management System. Currently, the Integrated Management System is maintained in accordance with the requirements of the ISO 9001, ISO 14001, ISO 45001 and ISO 50001 standards and the company's priorities. Information about the implemented quality management system is available on the AST website: <https://www.ast.lv/en/content/quality-systems>.
- The implemented Integrated Management System ensures the effective operation of AST, adhering to internationally accepted operational mechanisms regarding quality, occupational health and safety, energy efficiency and environmental protection management, ensuring the identification and fulfillment of laws and regulations, promoting the identification and fulfillment of the wishes of customers and stakeholders, looking at developments in the company through the prism of risk management and processes.
- The Council ensures the oversight of the Company's internal control, risk management, compliance system and the effectiveness of the Internal Audit Function. The Audit Committee ensures oversight as far as it concerns ensuring the reliability and objectivity of the annual report and consolidated annual report.
- The implementation of the Company's internal control, risk management and compliance system is ensured by the Management Board, and its independent and objective assessment is carried out by the Internal Audit Function.
- The Internal Audit Function develops, and the AST Council approves the internal audit plan for the next year, as well as the internal audit strategic plan for the next five (5) years. By the decision of the AST Council of December 20, 2024, the internal audit plan for 2025 and the internal audit strategic plan for 2025-2029 were approved.
- In accordance with the requirements of the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors, the AST Internal Audit Function provides a report on the internal audit activity to the Company's Council and the Audit Committee at least once a year, as well as provides an overall opinion on the effectiveness of AST's internal control and risk management systems, as well as, if necessary, recommendations are provided for the further improvement of the internal control system.
- The overall opinion provided by the Internal Audit Function on the effectiveness of the internal control and risk management system of AS "Augstsprieguma tīkls" was evaluated by the Council of AS "Augstsprieguma tīkls" in 2025 at the meeting of 26 February 2026. According to the opinion, the internal control activities implemented by AST are sufficiently effective to ensure the achievement of the objectives set out in AST's strategy and manage strategic risks.
- The AST Council monitors the implementation of the AST Internal Audit Policy, and the Internal Audit Function regularly reports to the Council on the progress of the implementation and execution of approved audit recommendations.

PRINCIPLE #4

The Company identifies, assesses and monitors the risks associated with its operations

The management board develops, and the council approves the company's risk management policy.

The management board develops, and the council approves the most material risk appetite – the risks that the company is willing to take to achieve its operational goals.

Based on the assessment of identified risks, the management board implements risk management measures

At least once a year, the council reviews the management board's reports on risk management activities and the implementation of the risk management policy.

- The Company's risk management system is governed by the AST Risk Management Policy, approved by a decision of the AST Council dated 6 October 2023, together with the risk management concept and the regulations for individual risk areas
- AST promotes commercial activities based on honest principles, compliance with ethical norms, and also takes the necessary actions to prevent the risks of corrupt and fraudulent activities and promote the improvement of the control environment.
- In 2025, AST's risk management placed particular emphasis on security risks and on strengthening the competencies of risk managers. In the area of security, AST cooperated with the Baltic and Polish transmission system operators – Elering AS, Litgrid AB, and PSE – and jointly submitted an application for funding under the Connecting Europe Facility (CEF) for projects aimed at strengthening critical infrastructure. Due to applicable restrictions, only synchronisation-related infrastructure was eligible for inclusion. The projects were based on a comprehensive security risk assessment. As a result, total co-financing of EUR 112 million was granted, of which AST received EUR 18.45 million.
- In 2025, a risk management group operated within AST, which included 15 heads of structural units. In addition to the existing ten risk areas, a risk assessment of the Legal, Compliance and Support departments was conducted. In the reporting year, a total of 34 AST unit managers were involved in risk management through various activities.
- In 2025, crisis management exercises were conducted within the risk management framework, including practical simulations of threat scenarios and the identification and documentation of improvement opportunities arising from these exercises. Efforts to enhance the risk management process continued, including the review of risk assessment criteria and risk indicators. Particular attention was devoted to improving the risk assessment of capital investment projects and the reporting thereof to the AST Management Board and Council. The development of the risk management framework will continue in 2026.
- AST manages risks by adhering to prudent principles and acting in accordance with its risk appetite. The risk appetite is included in the Risk Management Concept, approved on 19 March 2024, while the risk indicators were last reviewed at the meeting of the Company's Management Board on 31 January 2024. Currently, the goal is to submit a new edition of the Risk Management Concept to the AST Management Board by the end of the first quarter of 2026. It is planned to include risk indicators in the annual risk management report, which must be submitted to the council by the end of the first quarter of 2026.
- To ensure more dynamic and effective management of material risks, AST's board is regularly (quarterly) informed about AST's material risk management, assessing compliance with risk appetite and risk indicators. The AST material risk list includes risks with the highest residual risk values from all risk areas.
- The Company ensures regular risk monitoring, and a report is prepared for the Management Board on the results of the periodic or extraordinary risk review of each area. A report is prepared once a year for the Council and consecutively to the board on risk management in the relevant year.

PRINCIPLE #5

The Company has an internal auditor who independently and objectively evaluates the company's performance

The company has an internal auditor (a structural unit or specialist) who is functionally independent from the management board and reports to the council

The internal auditor is appointed and dismissed by the council

The internal auditor develops and implements a risk-based internal audit strategy and plan, which is approved by the council

The internal auditor informs the board and council about the internal audit work, the implementation of the strategy and plan, the audit results and the recommended actions to eliminate deficiencies, if any are identified

- The Company has established an Internal Audit Function. In its operations, the Company's Internal Audit Function complies with the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics: <https://www.ast.lv/en/content/internal-audit>.
- In accordance with the Company's Corporate Governance Policy, the activities of the Internal Audit Function are functionally supervised by the Council and the Audit Committee of AS "Augstsprieguma tīkls", but administratively it is subordinated to the Chairman of the AST Management Board.
- The Council is involved in the internal auditor selection process and subsequently adopts a decision, at a meeting of the AST Council, on the evaluation of the probationary period.
- Based on the conducted risk assessment, a strategic and annual internal audit plan is prepared, which is reviewed by the AST Management Board and Audit Committee, but approved by the AST Council. The Internal Audit Function develops, and the AST Council approves the internal audit plan for the next year, as well as the internal audit strategic plan for the next five (5) years. By the decision of the AST Council of 20 December 2024, the internal audit plan for 2025 and the internal audit strategic plan for 2025-2029 were approved.
- The Head of the Internal Audit Function informs the Management Board and Council, once a quarter, about the implementation of the internal audit plan, audit results and recommended actions to eliminate deficiencies, if any have been identified.
- The Internal Audit Function prepares and submits to the Council, Audit Committee and Management Board an overall opinion on the effectiveness of AST's internal control and risk management systems in the reporting year.

PRINCIPLE #6

The Company has an independent external auditor

The council and the audit committee, if one has been established, shall determine the criteria for selecting the external auditor.

The company has an independent external auditor with appropriate qualifications and reputation

The term of office of one external auditor does not exceed five years, thus ensuring rotation of auditor representatives.

- The Company's financial statements are audited by an independent sworn auditor. The preparation and audit of the AST annual report and consolidated annual report are overseen by the AST Audit Committee.
- AST's annual reports are audited by international audit companies represented in Latvia, thus ensuring the provision of top-quality services.
- The AST Audit Committee monitors the independence and objectivity of the AST Financial Statements Sworn Auditors Commercial Company (hereinafter "Sworn Auditors"), including by coordinating the selection criteria for auditors within the framework of the procurement procedure.
- A sworn auditor is prohibited from providing services that impair or could impair their independence. AST and its Subsidiary must obtain the prior consent of the AST Audit Committee to receive any services from the sworn auditor and the sworn auditors' commercial firm that performs the audit of AST's financial statements and sustainability report.
- The AST Audit Committee obtains written confirmation from a sworn auditor that:
 - The sworn auditor is independent of the AST in accordance with the International Code of Ethics for Professional Accountants (including international independence standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements included in the Audit Services Law, which are in force in relation to the audit of financial statements carried out by the auditor in the Republic of Latvia;
 - The sworn auditor has complied with ethical principles set out in these requirements and other ethical principles set out in the IESBA Code;
 - Based on the knowledge and belief of the sworn auditor, the auditor declares that the non-audit services provided by AST are in accordance with the effective laws and regulations in the Republic of Latvia and that the auditor has not provided non-audit services prohibited in accordance with Section 37.6 of the Audit Services Law in force in the Republic of Latvia.
- For each planned provision of non-audit services, the auditor submits a letter addressed to the Audit Committee with detailed information on the planned services and the assessment of independence aspects. Before commencing the service, the auditor shall receive written permission from the AST Audit Committee to provide such service.
- The Company ensures that the term of office of one external auditor does not exceed 5 (five) years. SIA "KPMG Baltics" has been elected as the auditor of the Company's annual report for 2024-2026. The auditor of the Company's annual report for 2021-2023 was SIA "PricewaterhouseCoopers". Whereas, from 2018 to 2020 (a 3-year period), the auditor was SIA "Deloitte Audits Latvia".

PRINCIPLE #7

The Company ensures a transparent procedure for the election and removal of Council members

The company has approved the procedure for selecting and removing council members

The company provides timely and sufficient information to the company's shareholders about the members of the council who are nominated for election or re-election

The size of the council is appropriate to the specifics of the company's operations

A member of the Council shall be elected for a term not exceeding five years

- All (100%) of the Company's shares are owned by the State, held by the Ministry of Climate and Energy of the Republic of Latvia.
- The AST Council is a supervisory body that represents the interests of the Shareholder between shareholder meetings and oversees the activities of the AST Management Board, is involved in the strategic development of AST, as well as in the supervision of the financial and risk management system. Its tasks and operating principles, as well as its main responsibilities, are determined by the Law on Governance of Capital Shares of Public Persons and Capital Companies, the Articles of Association of AST and the Council Regulations: <https://www.ast.lv/en/content/supervisory-board>.
- The members of the Company's Council are selected through an open competition in accordance with the Law on Governance of Capital Shares of Public Persons and Capital Companies and the Cabinet Regulation² issued on the basis of the above, as well as in compliance with the coordination institutions³ issued guidelines, at the time of election, setting a five-year term of office⁴.
- The number of Council members is determined according to indicators characterising the size of the capital company in accordance with the Cabinet Regulation.
- As part of measures to improve the efficiency of AST's operations, the number of members of the AST Council has been reduced as of 2025. While the Articles of Association provided for a five-member Council in 2024, the Council successfully supervised the activities of the Management Board with a reduced composition of four members. In 2025, amendments to the Articles of Association were adopted, reducing the number of Council members to three⁵. During the reporting year, the Council operated with an incomplete composition and currently consists of two members.

² <https://likumi.lv/ta/id/361431-valdes-un-padomes-loceklu-skaita-un-atalgojuma-noteikšanas-kartiba-publiskas-personas-kapitala-dalu-parvaldisanas-gadijuma>

³ State Chancellery Interdepartmental Coordination Department

⁴ Section 109, Paragraph One, of the Law on Governance of Capital Shares of Public Persons and Capital Companies

⁵ <https://www.ast.lv/lv/events/augstsprieguma-tikls-strategisko-virsuzraudzibu-turpmak-nodrosinas-tris-padomes-locekli>

PRINCIPLE #8

Council members collectively have appropriate experience and competence

The council collectively possesses the skills, experience and knowledge, including in the relevant sector, to be able to fully fulfill its duties

When forming the composition of the council, the diversity principles are observed

Both genders are represented on the council

The board develops an induction training program and provides induction training to new board members

- The AST shareholder develops the requirements for candidates for Council members, including the necessary competencies and professional experience, as well as prepares information about the situation in the capital company, its strategy (summary), goals and challenges, information about the scope of involvement and tasks of the personnel selection consultant, and submits it to the nomination committee. The Nomination Committee evaluates and, if necessary, specifies the requirements for candidates for members of the council or board, in coordination with the shareholders.
- The AST Council is elected through an open competition, ensuring that the members of the Council generally possess a set of skills, experience and knowledge, including about the relevant industry, to be able to fully fulfill their duties. A description of the education and work experience of the Council members is available on the AST website: <https://www.ast.lv/en/content/supervisory-board>.
- Members of the AST Council are elected in accordance with the Law on Governance of Capital Shares of a Public Person and Capital Companies and Cabinet Regulation No. 20 of 7 January 2020 *Procedure for the Selection of Members of the Management Board and Council in Capital Companies in Which the State or a Derived Public Person Holds Capital Shares*, issued pursuant thereto, as well as the guidelines issued by the Coordination Institution.
- In the nomination process for AST Council members, all candidates are given equal opportunities; no discriminatory treatment of a candidate is permitted based on their gender, age, religious beliefs, or other characteristics.
- The term of office of the members of the previous Council expired on 30 December 2024. Accordingly, in order to ensure the inheritance of knowledge and experience in the energy sector and the continuity of the previous strategic oversight, by the decision of the AST Extraordinary Shareholders' Meeting of 27 December 2024, Olga Bogdanova was re-elected to the AST Council for a new term of office, in accordance with the regulations in force at the time of election, and Līga Rozentāle was re-elected to the position of temporary Council member. As the maximum term of office for a temporary Council member expired for Līga Rozentāle on 31 December 2025, the AST Extraordinary Shareholders' Meeting of 30 December 2025 resolved to remove her from office and to elect Juris Zīvarts as a temporary member of the Council, effective from 1 January 2026. An open competition will be organised to fill the vacant Council member positions.
- In 2025, the AST Council was composed of women.
- A meeting with the Company's Management Board is organised for the elected members of the AST Council, during which the most important information about AST's operations, key indicators, medium-term operational strategy, etc. and information important for the work of the Council, as well as introductory training is provided. A separate website is being created to support the work of the Council, where the Council has access to the materials necessary for its work in digital format. Further support for the work of the Council is provided by the council secretary.

PRINCIPLE #9

The company's Council has independent members

The company evaluates and shareholders determine the proportion of independent council members

At least half of the council members are independent

Candidates for independent council members submit representations of their compliance with the independence criteria, and a council member is obliged to inform about changes in independence status during the term of office

Before the council elections, the company conducts an assessment of the independence of the council members based on the available information

- In accordance with the Law on Governance of Capital Shares of Public Persons and Capital Companies, the task of the shareholder is to ensure that at least half of the members of the council are independent and in accordance with the independence criteria set out in the law⁶.
- The continuity of the work and capacity of the AST Council in the 2025 reporting year was ensured by the Chairwoman of the Council, Olga Bogdanova, as well as the temporary member of the Council – Deputy Chairwoman of the Council, Līga Rozentāle.
- In 2026, by implementing an open competition to fill vacant Council member positions, it is planned to ensure that the composition of the AST Council has an appropriate proportion of independent council members.

⁶ Section 31, Paragraph Six of the Law on Governance of Capital Shares of Public Persons and Capital Companies

PRINCIPLE #10

The Company has implemented a Management Board and Council remuneration policy

The company has implemented a remuneration policy, which was developed by the management board, reviewed by the council and approved by the shareholders' meeting.

The council annually sets the financial and sustainability targets to be achieved by the management board, including each management board member, and their impact on the variable part of the remuneration, and monitors their implementation.

No variable remuneration is determined for members of the council, nor is any compensation paid in the event of dismissal or resignation.

The management board prepares an annual report on the remuneration awarded or paid to each current and former member of the management board and council.

- The principles of remuneration of the board and council are determined by the Law on Governance of Capital Shares of Public Persons and Capital Companies and the Cabinet Regulation issued on its basis. The basic principles of the Company's remuneration policy, including the remuneration policy of the Management Board and Council, are also set out in the Company's Corporate Governance Policy.
- In accordance with the Cabinet Regulation, the amount of remuneration for the board and council of state-owned companies is determined by evaluating the indicators characterising the size of the company: turnover, balance sheet total and number of employees. The maximum amount of remuneration is determined by applying a coefficient according to the indicators characterising the size of the capital company and taking into account the average monthly salary of employees in the country in the previous year published in the official statistical announcement of the Central Statistical Bureau of Latvia [Council Remuneration Policy | AST Board remuneration policy | AST](#).
- When approving the next year's budget, the Council approves the company's financial and non-financial, including sustainability, goals for the next year, and the performance indicators to be achieved. In addition, individually achievable target indicators are set for each Management Board member, with their impact on the variable part of the remuneration. The Company's financial and non-financial goals for 2025 were approved by the Council's decision of 20 December 2024, while the AST Council's decision of 28 February 2025 approved the individually achievable performance indicators of the Chairman of the Management Board and members of the Management Board of AST for 2025. Once a quarter, the Company's Management Board reports to the Council on the progress of achieving the goals.
- When deciding on the award of a bonus to a member of the Management Board, the Council evaluates the Company's performance in the previous reporting year, the achievement of the financial and non-financial objectives set for the Company, and the fulfilment of the individual objectives established for the respective Management Board member. In accordance with Section 79, Paragraph seven of the Law on Governance of Capital Shares of a Public Person and Capital Companies, the variable part of the remuneration of a Management Board member shall not exceed the amount of two months' remuneration.
- Members of the Company's Council do not receive variable remuneration, bonuses, or compensation upon removal from office or resignation.
- The report on the remuneration policy implemented in the Company is included in the consolidated sustainability report of the Augstsprieguma tīkls Group. The report on the remuneration policy for 2025 is included in the Augstsprieguma tīkls Group's consolidated sustainability report for 2025, which is available on the AST website: <https://www.ast.lv/en/content/sustainability-reports>.

PRINCIPLE #11

The organisation of the Council's work is clearly defined and transparent

The council organises its work in accordance with the council's regulations and work calendar

The council holds at least one separate council meeting per year to discuss the company's strategy and its implementation.

The company's budget provides for reasonable funding necessary to ensure the functioning of the council.

The council conducts a self-assessment of its work once a year and reviews its results at a Council meeting.

The council annually assesses whether its composition has appropriate experience and expertise, including whether it has sufficient capacity and complies with the diversity principles.

The council has assessed the need for the establishment of committees (if a committee has been established, see principle # 12.1)

- The AST Council organises its work in accordance with the Council's approved procedures, i.e., the Council's Regulations: https://www.ast.lv/sites/default/files/editor/AST_PadomesNolikums_26_09_2025.pdf.
- Council meetings are organised in accordance with the timetable approved by the Council. The timetable of meetings of the Company's Council for 2025 was approved by its decision of 3 January 2025.
- To manage the set goals, regular monitoring of their implementation progress is carried out – control of the goals set in the medium-term operational strategy (once a year) and control of the implementation of the goals of the calendar year (once a quarter).
- The Company's annual budget ensures adequate funding for the functioning of the Council.
- Once a year, simultaneously with the approval of the previous year's financial report, the Council conducts a self-assessment of its work and submits the results for consideration at the AST Shareholders' Meeting. The Council's 2025 performance self-assessment was reviewed at the AST Shareholders' Meeting on 24 April 2026.
- By decision of the AST Shareholders' Meeting of 22 September 2021, the AST Audit Committee has been established. The Audit Committee is the only committee established by AST.

PRINCIPLE #12

The Council makes well-informed and well-considered decisions

The council has access to the information prepared by the board in a timely and sufficient manner for the council's decision-making

The council determines the procedure for the circulation of information, including the right of the council to request from the board information that the council needs for decision-making

A council member analyses information and prepares proposals for council decisions

When making decisions, the Council assesses risks and the short-term and long-term impact on the company's value, sustainability and responsible development

- The AST Council Regulations establish the procedures for the preparation and submission of documents to the Council, the convening of Council meetings, and decision-making.
- The revised Council Regulations, approved by a decision of the AST Council dated 26 September 2025, stipulate that documents and draft decisions necessary for the consideration of matters included in the agenda of Council meetings shall be submitted to Council members no later than five working days before a regular Council meeting, unless a different deadline has been agreed.
- In accordance with paragraphs 7.5 and 7.6 of the Council's Regulations, a draft decision and documents supporting the decision must be attached to the issue submitted for consideration at the Council meeting. The draft decision must be accompanied by an explanatory memorandum (report), presentation and other materials that argue the need for the Council to adopt a relevant decision, as well as predict the possible economic, social, legal and other consequences in the event of the relevant decision being adopted.
- Paragraphs 3.3.5 and 3.4 of the Council Regulations grant the Council the right to request from the Management Board any information necessary for the supervision of the Company and the performance of the Council's functions. Such information shall be submitted to the Council in a form that enables the fulfilment of the objectives specified in the information request.

PRINCIPLE #12.1

The Committee prepares proposals for decisions by the Council

The council determines the tasks of the committee and the procedure for organising its activities.

The council shall establish a committee consisting of at least three council members who have appropriate experience and knowledge in the specified field of activity of the committee (remuneration, nomination, audit or other field).

The committee analyses information and prepares proposals for decision-making by the council, as well as informs the council about the committee's work.

- The main role of the AST Audit Committee is to safeguard the interests of the shareholder and the Shareholders' Meeting in relation to the preparation of the annual report, its audit, and the effectiveness of the internal control, risk management, and internal audit systems, insofar as these relate to ensuring the reliability and objectivity of the annual report. The Audit Committee also provides recommendations to the AST Council regarding the reliability and objectivity of the annual report and the consolidated annual report.
- The objectives and tasks, operating principles, rights and responsibilities of the AST Audit Committee are defined in the AST Audit Committee Regulations. The Audit Committee reports to the AST Council on its activities and the performance of its tasks: https://www.ast.lv/sites/default/files/editor/AST_Audit_Committee.pdf.
- The AST Audit Committee operates with three members. It consists of two independent members: Chairman of the Audit Committee Roberts Ikaunieks, a member of the Audit Committee Inga Liepa and one member dependent on the AST Council Olga Bogdanova: <https://www.ast.lv/en/content/audit-committee>.
- Independent members of the Audit Committee are selected through an open competition, which also includes an assessment of the suitability of education, qualifications and professional experience. Information on the expertise and experience of the Audit Committee members in the relevant field is provided on the AST website: <https://www.ast.lv/en/content/audit-committee>.
- The Audit Committee's report on its activities during the previous reporting period was reviewed by the AST Council at the 15 April 2026 meeting.

PRINCIPLE #13

Management Board and Council members are well-aware of the existence of conflict of interest and are informed of the necessary action in the event of a conflict of interest

The council defines the signs indicating a conflict of interest and establishes the procedure for preventing and managing conflicts of interest.

Members of the council and the management board do not participate in decision-making on matters in which the interests of the company conflict with the interests of the members of the council or the management board or persons related to them.

Persons subject to the obligation to prevent conflicts of interest shall regularly participate in training on how to act in conflict of interest situations.

- AST Management Board and Council members, members of the Audit Committee are public officials within the meaning of the *Law On Prevention of Conflicts of Interest in the Activities of Public Officials* and must comply with the general and special restrictions on holding public office, as well as on earning income, commercial activities, accepting gifts and donations, and other restrictions set forth in the aforementioned Law. AST Management Board members require prior consent from the Council to combine positions, while council members require prior consent from the shareholder. AST Management Board and Council members fill in public official declarations annually.
- In their activities, AST Management Board members comply with the restrictions set out in the Commercial Law on entering into transactions with related parties, as well as the prohibition of competition and the restrictions set out in the *Law On Prevention of Conflicts of Interest in the Activities of Public Officials*.
- The Company regularly provides training on how to act in conflict of interest situations to persons subject to the obligation to prevent conflicts of interest. Once a year, training material and a test to test knowledge are sent electronically, but training is provided at least once every three years with the involvement of specialists from the Corruption Prevention and Combating Bureau (KNAB). The last training of this type, involving a KNAB specialist, was organised on 1 February 2024.
- Detailed information on the Company's fraud, corruption and conflict of interest risk management is available on the AST website: <https://www.ast.lv/en/content/responsible-business>.
- Issues related to the prevention and management of conflicts of interest between members of the Company's Council and Board are defined in the regulations of both institutions, which are available on the AST website.

PRINCIPLE #14

The company provides shareholders with information on the proceedings of the shareholders' meeting in a timely manner, providing all the information necessary for decision-making

The company shall inform shareholders in a timely manner about the agenda of the shareholders' meeting, participation options and voting procedures, as well as any changes related to them.

The company provides shareholders with the opportunity to familiarise themselves with draft decisions and accompanying documents in a timely manner, including by using digital tools.

The company provides shareholders with the opportunity to submit questions on the agenda and draft decisions before the shareholders' meeting.

Draft decisions and the documents attached to them provide detailed, clear and complete information on the issue under consideration

- All (100%) shares of the Company are owned by the State, and are held by the Ministry of Climate and Energy of the Republic of Latvia: <https://www.ast.lv/en/content/brief>.
- In 2025, the interests of the shareholder were represented at AST Shareholder's Meetings by Līga Kurevska, State Secretary of the Ministry of Climate and Energy, who has all the rights, obligations and responsibilities of a shareholder representative provided for in laws and regulations.
- The AST Shareholders' Meeting makes decisions within the scope of competence specified in the Law on Governance of Capital Shares of Public Persons and Capital Companies.
- The Company's regular and extraordinary Shareholders' Meetings are convened in accordance with the procedures set out in the Law on Governance of Capital Shares of Public Entities and Capital Companies and the Commercial Law. Information about the agenda and decisions of the shareholders' meeting is available on the AST website: <https://www.ast.lv/en/content/shareholder-and-shareholders-meeting>.

PRINCIPLE #15

The Company promotes effective shareholder engagement in decision-making and more active shareholder participation in shareholder meetings

The company provides shareholders with the opportunity to participate in the shareholders' meeting in person or remotely, taking into account the necessary security and technical measures.

The company determines the appropriate duration of the shareholders' meeting and provides the opportunity for shareholders to express their opinions during the meeting and obtain the information necessary for decision-making.

The company invites members of the board and council, candidates for council members, the auditor and internal auditor, as well as other parties to participate in the shareholders' meeting in accordance with the issues to be considered.

The shareholders' meeting makes decisions in accordance with the previously announced draft decisions.

- The competence of the AST shareholder is exercised by the Cabinet. The interests of the shareholder are represented at the AST shareholders' meeting by the State Secretary of the Ministry of Climate and Energy or another official of the ministry designated by order of the State Secretary, who has all the rights, obligations and responsibilities of a shareholder representative provided for in laws and regulations.
- Extraordinary and regular Shareholders' Meetings of AST are convened in accordance with the procedures prescribed by the Law on Governance of Capital Shares of a Public Person and Capital Companies and the Commercial Law. The persons initiating the convening of a Shareholders' Meeting shall indicate, in the request for convening the meeting, the reasons for convening it and the proposed agenda, and shall submit draft decisions on the matters included therein. Where appropriate, technical arrangements are ensured to facilitate remote participation in Shareholders' Meetings.
- Invited persons who are directly involved in the agenda item under consideration and who can provide additional information may be invited to AST Shareholder Meetings with the permission of the shareholder representative. **reasoned answers to questions from the shareholder representative.**
- The AST Shareholders' Meeting makes decisions within the scope of competence specified in the Law on Governance of Capital Shares of Public Persons and Capital Companies. The shareholder representative shall, after considering each item on the agenda, announce his or her decision regarding the item under consideration.
- Information about announced AST Shareholder Meetings and decisions made is published on AST's website, in compliance with the information disclosure requirements set out in the laws and regulations: <https://www.ast.lv/en/content/shareholder-and-shareholders-meeting>.

PRINCIPLE #16

The Company develops a dividend policy in consultation with shareholders

The company has developed and published an up-to-date dividend policy

The dividend policy has been discussed with shareholders during the shareholders' meeting.

- The Group's medium-term operating strategy for 2021-2025 includes the Company's dividend policy. The Strategy for the period 2026-2030 also includes the Company's dividend policy.
- The amount of profit to be paid out as dividends is determined in accordance with the laws and regulations on the procedure for forecasting, determining and making payments for the use of state capital. The actual amount of dividends is determined at the AST regular Shareholders' Meeting after the approval of the annual report.
- The Company's dividend policy for 2026-2030 was discussed at the Shareholders' Meeting on 19 December 2025.
- In accordance with Paragraph 3 of Cabinet Regulation No. 72 of 25 January 2022 *Procedures for Forecasting, Determining and Making Payments for the Use of State Capital*, the minimum share of profit to be paid out in dividends is set at 64% of the capital company's profit for the reporting year, unless otherwise specified in the capital company's medium-term operating strategy. Additionally, the share of profit to be paid out in dividends by AST from the profit of the previous reporting year is determined by the laws on the State budget and the budget framework.
- In accordance with Section 27 of the Law on the State Budget for 2025 and the Budget Framework for 2025, 2026 and 2027, the AST Shareholders' Meeting of 25 April 2025 resolved to distribute dividends in the amount of EUR 10,391,040 from the profit for 2024, corresponding to 70% of the 2024 profit. The remaining profit of EUR 4,373,411 was allocated to increase the share capital of AST and to finance necessary investments, including those related to the synchronisation project with the Continental European Network.
- Section 23 of the Law *On the State Budget for 2026 and the Budget Framework for 2026, 2027 and 2028* stipulates that AST shall include in the state basic budget revenues dividend payments in the state basic budget revenues in the amount of 70% of the profit of the reporting year, but not less than EUR 5,716,200.
- The Company's dividend policy is published on the AST website: <https://www.ast.lv/en/content/goal-and-strategy>.

PRINCIPLE #17

The Company regularly and timely informs shareholders and other stakeholders about the Company's business operations, financial performance, governance and other current issues

The company discloses complete, accurate, objective, current and truthful information in a timely manner

The company provides information to all shareholders at the same time and in the same volume and for this purpose uses previously agreed means of communication, taking into account both technological capabilities and shareholder needs

The company discloses information about the company's management, strategy or business directions and publishes financial statements, as well as other information in accordance with Appendix No. 1 to the Code. 1

The company provides information both in Latvian and in at least one other official language of the European Union Member States

- The Company ensures the publication of current information on its website in accordance with the Law on Governance of Capital Shares of Public Persons and Capital Companies and the Law on the Financial Instruments Market. Information is published in both Latvian and English.
- Twice a year, investors and other stakeholders are invited to a virtual conference organised by AST on the Company's financial results, providing information on other company developments: <https://www.ast.lv/en/events/recording-jsc-augstsprieguma-tikls-ast-webinar-about-its-financial-results-6-months-2025>.
- The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).
- Since 2024, the Sustainability Report has been prepared in accordance with European sustainability reporting standards, replacing the previous reporting approach, which was carried out in accordance with the Global Reporting Initiative (GRI) standards. The sustainability report is reviewed by an independent auditor.
- The Group and its Subsidiary publish interim financial statements every quarter in accordance with the published Financial Calendar: <https://www.ast.lv/en/content/financial-calendar>.

PRINCIPLE #18

Groups of companies have established a transparent management system that ensures the implementation of corporate governance principles in subsidiaries

Members of the management board and council of a subsidiary within a group of companies act primarily in the interests of the subsidiary

The group of companies has implemented transparent procedures for the implementation of group-level strategy, financial goals and policies.

The company provides complete and transparent information about its activities within the group of companies.

- At 31 December 2025, the Group's ownership structure consisted of a group of commercial companies, in which the parent company AST has a decisive influence and which includes the subsidiary AS "Conexus Baltic Grid" (hereinafter also "Conexus" or "the Subsidiary"). All shares of AST (100%) are owned by the Republic of Latvia represented by the Ministry of Climate and Energy: <https://www.ast.lv/en/content/brief>.
- AST's shareholding in the Subsidiary is 68.46 per cent. 29.06% of Conexus shares are owned by the Japanese company Marubeni's fund – MM Infrastructure Investments Europe Limited, while 2.48% are owned by other shareholders: <https://www.conexus.lv/shareholder-structure>.
- The corporate governance of the AST Subsidiary is implemented in accordance with laws and regulations, the company's operational implementation policies and other planning documents: <https://www.ast.lv/en/content/model-corporate-governance#CGP>.
- AST as a shareholder and AST-nominated members of the Conexus Council, primarily observing the fiduciary duty to the Company, carry out their activities and exercise their voting rights in a manner that ensures the broadest interests of AST and the implementation of the Company's established goals. The functions of Conexus shareholder/participant are performed by the AST Management Board.
- The nominated members of the Council are trusted persons of the Company who, in their activities, observe the fiduciary duty to the interests of AST.
- The Conexus Council carries out its activities independently. Council members nominated by AST report to the AST Management Board on all particularly important matters on the Council's agenda,

providing their assessment of whether potential decisions are in line with AST's interests.

- The Consolidated Sustainability Report, like the Consolidated Financial Statements, covers the Parent Company and commercial companies in which the Parent Company exercises a decisive influence (more than 50%). Based on these principles, the Consolidated Sustainability Report, like the Financial Statements, covers AS "Augstsprieguma tīkls" and its subsidiary, AS "Conexus Baltic Grid".

APPENDIX 1. INFORMATION TO BE PUBLISHED ON THE COMPANY'S WEBSITE

Company		
Company information	✓	
Information about the company's strategic goals	✓	
Company Articles of Association	✓	
Information about the Company's corporate governance structure	✓	
Internal Corporate Culture and Code of Ethics	✓	
Information on the company's compliance with current good business practices standards of practice (e.g. sustainability, environment, information technology in the field)	✓	See Sustainability Report
Key company policies	✓	See also in the Sustainability Report section "Business Policy and Corporate Culture"
Shareholders and beneficial owners		
Information about the Company's shareholders	✓	See also the "Shareholder" section of the Sustainability Report "Group Structure and Governance"
Information about the beneficial owners of the Company	✓	
The number of shares, bonds or other financial instruments issued, paid up and entitled to vote by the Company	✓	
Council and Management Board		
Management Board and Council structure	✓	See also the Sustainability Report section "Group Structure and Governance" "Management Board" and "Council" sections
Information about each member of the Company's Council and Management Board	✓	See also the Sustainability Report section "Group Structure and Governance" section "Management Board" and "Council"
Information about independent Council members	✓	See also the Sustainability Report section "Group Structure and Governance" section "Council"
Management Board and Council Remuneration Policy and Remuneration Report	✓	See also the Sustainability Report section "Sustainability Management" section "Incorporating sustainability-related performance results into incentive schemes"
Information on the selection process and recall procedure for the Management Board and Council	✓	See also Chapter 9 of the Corporate Governance Report.
Information about the Council Committees and the Audit Committee	✓	See also the Sustainability Report section "Group Structure and Governance" section "Audit Committee"
Financial statement and sustainability report information		
Company financial statements and reports	✓	
Corporate sustainability reports	✓	
Corporate governance reports	✓	
Company financial timetable	✓	
Information for shareholders and investors		
Information about planned shareholder meetings	✓	The issues considered and decisions made at the shareholders' meeting are published after the shareholders' meeting.
Information about the shareholders' meetings held	✓	
Company dividend policy and information on dividends paid	✓	
Information on related party transactions	✓	See Note 24 "Related party transactions" to the financial statements.
Company announcements and important information for investors	✓	
Investor relations specialist contact details	✓	

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