

APPROVED
by decision No JALP-1.3./36-2022
of the Board of the
Joint Stock company LatRailNet
in a meeting held on 14 July 2022
min. No JALP-1.2./36-2022

REGULATION
Riga

14 July 2022

No.JALP-7.3./03-2022

**Regulations of the Board
of the Joint Stock Company "LatRailNet"**

I. General provisions

1. This regulation of the Joint Stock Company "LatRailNet" (hereinafter - the Company) on the regulations of the Board (hereinafter - the Regulations) determines the basis of the operation, rights, obligations, responsibility and work procedure of the Board of the Company.
2. The Regulations are approved by the Board of the Company.

II. Composition of the Board

3. The numerical composition of the Board is determined by the Statutes of the Company (hereinafter - the Statutes).
4. The Board consists of two Board members:
 - 4.1. Chairman of the Board;
 - 4.2. Member of the Board.
5. Board members are elected for five years by the Company Council (hereinafter - the Council).
6. The Chairman of the Board is elected by the Board from among the Board members.
7. All changes in the composition of the Board are effective from the moment of the decision of the Board, if no other term of the decision's entry into force is specified in this decision or in external legal acts. All changes in the composition of the Board and rights of representation must be registered in the Register of Enterprises of the Republic of Latvia.
8. A Board member can be recalled by the Council if there is an important reason for this. The restrictions set by legal acts, especially the Railway Law, for occupying this position are considered to be an important reason.

III. Competence of the Board

9. The Board is the executive body of the Company, which manages and represents the Company. The Supervisory body of the Company is the Council, which represents the Shareholder's interests between Shareholders' meetings and supervises the activities of the Board within the framework defined in the Law on Governance of Capital Shares of a Public Person and Capital Companies, the Commercial Law, other external regulatory acts, the Statutes and the medium-term strategy of the Company.

10. Board members manage and represent the Company jointly.
11. The Board manages the Company's property and disposes of its funds in accordance with legal acts, the Statutes, decisions of the Council and the Shareholders' Meeting.
12. The task of the Board is to make decisions in accordance with the interests of the Company and, by controlling their execution, to achieve the goals of the Company's activities defined in binding legal acts.
13. The Board ensures the economic activity of the Company in accordance with legal acts and the approved budget of the Company, is responsible for the commercial activity of the Company and accounting in accordance with legal acts.
14. The Board:
 - 14.1. convenes regular and extraordinary Shareholders' Meetings in cases specified in legal acts;
 - 14.2. in accordance with the provisions of the Railway Law, makes decisions on:
 - 14.2.1. public-use railway infrastructure (hereinafter referred to as infrastructure) charges, including the determination and collection of charges;
 - 14.2.2. allocation of train paths, including both access determination and evaluation, and allocation of individual train paths;
 - 14.2.3. infrastructure capacity allocation;
 - 14.2.4. infrastructure charging and collection schemes, infrastructure capacity allocation and network performance schemes, which are applicable to railway undertakings, applicants and performers of technological processes, as well as the infrastructure manager, in compliance with the delegation established by external legal acts;
 - 14.2.5. the program of the Company's independence requirements and the annual report, as well as submits them to the State Railway Administration;
 - 14.2.6. the Company's annual budget and its amendments, in compliance with the general financial management principles of PLC "Latvijas dzelzceļš" concern;
 - 14.2.7. the Company's remuneration system, in compliance with the general personnel management principles of PLC "Latvijas dzelzceļš" concern;
 - 14.3. confirms:
 - 14.3.1. the Regulations of the Board of the Company;
 - 14.3.2. the Statutes and organizational structure of the Company, as well as other internal legislation of the Company regulating the Company's activities, delegating rights, duties and responsibilities between the Company's administrations and employees;
 - 14.4. after the end of the reporting year, examines and signs the annual report of the Company and immediately submits it to the Council for consideration and receiving the report and to the sworn auditor for providing an opinion;
 - 14.5. after receiving the sworn auditor's opinion and the Council's report, including the Board's proposals on the use of profits, convenes the Shareholders' Meeting to adopt a decision on the Company's annual report, as well as prepares and submits to the Shareholders' Meeting proposals on the use of profits;
 - 14.6. establishes and terminates legal employment relations with the Company's employees;
 - 14.7. authorizes the Board members or the employees of the Company to represent the Company, manage matters and conclude transactions, including the performance of the essential functions of the infrastructure manager in accordance with the legal acts;
 - 14.8. provides written reports to the Council, if the issues are within the competence of the Shareholders' meeting, or which are recommended for discussion at the Shareholders' meeting at the suggestion of the Board or the members of the Council, or upon an oral or written request from the Council, both at

Council meetings and outside of them, in accordance with the Regulations of the Company's Council, as well as at the initiative of the Company, provides information to the Council on important issues of the Company's management, which may or already affect the continuity of the Company's operations, good management, rule of law, efficient use of financial resources, etc. in cases of corporate governance and good practice;

14.9. provides a written report on the Company's activities to the Shareholder in accordance with the procedure established by the Shareholders' Meeting. The Board also informs the Shareholders' Meeting about other important aspects of the Company's operation;

14.10. performs other duties within the scope of competence, in compliance with the legal acts, Statutes, decisions of the Council and the Shareholders' Meeting;

14.11. participates in the development of the Company's operational strategy and submits it to the Company's Council for approval;

14.12. provides proposals for the financial and non-financial indicators planned in the Company's strategy and the forecasted performance indicators for the current year for the Company as a whole and for each Board member of the Company, submits them to the Council for approval.

IV. Competence of the Chairman of the Board

15. The Chairman of the Board signs the necessary documents for the fulfillment of the obligations set out in Chapter 3 of these Regulations and concludes transactions jointly with the Member of the Board, except for the cases where Clause 23 of these Regulations is applicable, and in accordance with Clause 44 of these Regulations.

16. The Chairman of the Board performs the following duties:

16.1. manages and organizes the work of the Board;

16.2. convenes and conducts Board meetings;

16.3. determines the agenda of the Board meetings;

16.4. ensures the preparation of documents for the meetings of the Board, Council and Shareholders' meeting, except for in the cases specified in subsections 26.6. – 26.8;

16.5. controls the processes of performing the essential functions of the infrastructure manager, including providing research measures related to the performance of the essential functions of the infrastructure manager;

16.6. represents the Company at conferences, public media, formal and informal meetings, foundations and other public events;

16.7. determines the job duties of the Company's employees and approves the job descriptions of the employees, in compliance with the Company's regulations, work system and organizational structure approved by the Board;

16.8. plans and supervises the compliance of the work of the directors and employees of the administrations of the Company with the delegation, duties and rights specified in the Company's organizational regulations and other internal legal acts regulating the Company's activities, if necessary, giving instructions to the directors or employees of the administrations of the Company to perform specific tasks or functions, providing the Company's processes with the necessary services and material values according to the approved budget of the Company;

16.9. in accordance with the legislation regulating the Company's wages, in accordance with the Company's budget and within the framework of the approved staff list, the salaries and bonuses of the Company's employees are determined, including the decisions on the reduction of the employees' salary specified in the staff list by 25%, if the employees' work experience does not fully correspond to that specified in their job descriptions ;

16.10. in accordance with the provisions of external and internal legal acts, makes disciplinary punishments to the Company's employees, as well as grants them vacations, material allowances and other benefits, in accordance with the Company's remuneration system approved by the Company's Board;

16.11. controls the internal economic processes of the Company in accordance with the Company's budget, the limits set in the authorization contracts of the Board members and the decisions of the Board, including, the right to separately sign the documents necessary for the performance of the duties specified in subsections 16.5-16.10 of this Regulation.

17. The Chairman of the Board is obliged to participate in regular and extraordinary Council and Shareholders' meetings, in accordance with the relevant invitation.

18. The Chairman of the Board is obliged to observe the storage of the Company's commercial secret in accordance with the legislation and the Company's program of independence requirements.

19. The Chairman of the Board must fulfill his duties as a good and careful owner.

20. The Chairman of the Board has the following rights:

20.1. receive any information about the Company's commercial activities, their results, economic condition, accounting, accounting records and financial documents, including confidential information

20.2. receive any information about the Company's employees, staff list, salary and other personnel-related issues;

20.3. receive any other information on issues related to the Company and its activities;

20.4. request information from the Council related to the Company and its activities;

20.5. request to record in the minutes of the Board meeting their opinion on the decisions made at the Board meeting;

20.6. leave office at any time by giving written notice to the Council;

20.7. other rights arising from external or internal legal acts.

21. The Chairman of the Board is jointly liable with the Member of the Board for the losses they have caused to the Company during their term of office. The Chairman of the Board is not liable for the losses caused to the Company if they prove that they acted as a good and careful owner or if they acted in accordance with the decision of the Council and the Shareholders' Meeting.

22. The Chairman of the Board must comply with the restrictions on the performance of the position specified in the Railway Law and other legal acts.

23. If the interests of the Company conflict with the interests of the Chairman of the Board, their spouse, relative or in-law, counting consanguinity up to the second degree and affinity up to the first degree, then in accordance with the legislation, the issue is decided at the Board meeting, in which the interested Chairman of the Board does not have voting rights, and it must be recorded in the minutes of the Board meeting. The Chairman of the Board is obliged to announce these interests before the start of the Board meeting.

24. The amount of remuneration and criteria for determining the remuneration for the Chairman of the Board are determined by the Council; the Shareholders' Meeting adopts a decision on the general principles, methods and criteria for determining the intended remuneration.

V. Competence of the Member of the Board

25. The Member of the Board:

25.1. signs the necessary documents for the fulfillment of the obligations set out in Chapter 3 of these

Regulations and concludes transactions jointly with the Chairman of the Board, except for cases where Clause 30 of these Regulations is applicable, and in accordance with Clause 44 of the Regulations;

25.2. while fulfilling their duties, they perform only such activities and in the manner set out by external legal acts, the Statutes, these Regulations, the Company's internal legal acts, decisions of the Council and the Shareholders' Meeting;

25.3. fulfills his duties as a good and careful owner.

26. The Member of the Board performs the following duties:

26.1. participate in all Board meetings;

26.2. participate in regular and extraordinary Council and Shareholders' meetings in accordance with the relevant invitation;

26.3. to get acquainted with and evaluate all the materials submitted for consideration at the Board meeting with due diligence;

26.4. follow up on the economic condition of the Company and budget execution;

26.5. to observe the storage of the Company's commercial secret in accordance with legislation and the Company's program of independence requirements;

26.6. conduct the Company's meetings in the absence of the Chairman of the Board;

26.7. ensure measures related to risk management and ensure the preparation of relevant documents for the Company's Board, Council and Shareholders' Meetings;

26.8. to prepare reports on the activities of the Company's Board, for submission to the Council and the Shareholder.

26.9. to control the Company's internal economic processes in accordance with the Company's budget, the limits set in the authorization contracts of the Board members and the decisions of the Board.

27. The Member of the Board has the following rights:

27.1. to receive any information about the Company's commercial activities, their results, economic condition, accounting, accounting records and financial documents, including confidential information;

27.2. to receive any information about the Company's employees, staff list, salary and other personnel-related issues;

27.3. to receive any other information on issues related to the Company and its activities, upon oral or written request of the Member of the Board;

27.4. to request information from the Council about the Company and its activities;

27.5. to propose to the Chairman of the Board the convening of a Board meeting;

27.6. to propose consideration of an issue at the Board meeting (in this case, the Chairman of the Board is obliged to include the proposed issue in the agenda of the Board meeting);

27.7. to express their proposals on the issues and draft decisions to be considered at the Board meeting;

27.8. to request to record in the minutes of the Board meeting their opinion on the decisions made at the Board meeting;

27.9. to leave office at any time by giving written notice to the Council;

27.10. other rights arising from external or internal legal acts.

28. The Member of the Board is jointly liable with the Chairman of the Board for the damages they have caused to the Company during their term of office. The Member of the Board is not responsible for the

damages caused to the Company, if they prove that they acted as a good and careful owner or if they acted in accordance with the decision of the Council and the Shareholders' Meeting.

29. The Member of the Board must comply with the restrictions on the performance of the position specified in the Railway Law and other legal acts.

30. If the interests of the Company conflict with the interests of the Member of the Board, their spouse, relative or in-law, counting consanguinity up to the second degree and affinity up to the first degree, then in accordance with the legislation, the issue is decided at the Board meeting, in which the interested Member of the Board does not have voting rights, and it must be recorded in the minutes of the Board meeting. The Member of the Board is obliged to announce these interests before the start of the Board meeting.

31. The amount of remuneration and criteria for determining the remuneration for the Member of the Board are determined by the Council; the Shareholders' Meeting adopts a decision on the general principles, methods and criteria for determining the intended remuneration.

VI. Proceedings and Agenda of the Board Meeting

32. Board meetings are convened by the Chairman of the Board as necessary or in cases specified by law.

33. Board meetings are held at the Company's registered address. If necessary, Board meetings can be held remotely, if it is possible to ensure their conduct in accordance with Clause 37 of these Regulations.

34. The Board has the right to make decisions if all Board members participate in its meeting, except as stipulated in Clause 44 of these Regulations.

35. Each Board member has one vote.

36. When deciding issues, the Board makes decisions with all voting Board members participating in the discussion of the issue and voting "for".

37. Board members can participate in a Board meeting or in the decision of a separate issue in absentia, if the means of communication used allow Board members to simultaneously participate in the discussion of the issue and in making a decision, and if this action is documented in the minutes of the Board meeting, as well as if no Board member has any reasonable objection.

38. Board meetings are usually closed. Board members and invited persons participate in them. Invited persons do not have voting rights at the Board meeting. Invited persons participate only in the examination of the issue to which they have been invited.

39. Board meetings are chaired by the Chairman of the Board or a Member of the Board, if authorized by the Chairman of the Board.

40. Board members inform the Director of Legal and Administrative Affairs of the Company in advance about their non-participation in the Board meeting in person.

41. Board meetings are held in accordance with the meeting agenda set by the Chairman of the Board.

42. During the Board meeting, the Member of the Board has the right to propose adding an additional question to the agenda of the Board meeting by submitting a draft decision and materials justifying the need to adopt a relevant decision of the Board. During the Board meeting, the Chairman of the Board has the right to propose adding an additional question to the agenda of the Board meeting if it is urgent and does not require prior preparation.

43. If the issues on the agenda to be considered at the Board meeting cannot be considered in one Board meeting or if they require an additional long preparation time, then a work plan is drawn up for the order of their consideration, which is approved by the Board.

44. The Board has decision-making power if one of the Board members does not have voting rights in accordance with clauses 23 or 30 of these Regulations.

VII. Preparation of Documents

45. Board meetings are technically ensured by the Director of Legal and Administrative Affairs of the Company or another separately assigned employee of the Company, and it includes:

45.1. compilation of questions and documents to be considered at the Board meeting, their preparation for consideration at the Board meeting;

45.2. preparation of the draft agenda of the Board meeting and announcement of the Board meeting to Board members and invited persons;

45.3. participation in Board meetings and taking minutes of Board meeting proceedings;

45.4. timely and accurate preparation of minutes of the Board meeting and the decisions made;

45.5. storage of minutes of Board meetings in accordance with the procedures specified in the Company's and external legal acts.

46. The responsible person must submit the documents necessary for the consideration of the issue at the Board meeting (submissions, reports, explanations, project documentation, calculations, draft contracts and agreements, correspondence, etc. materials), as well as proposals for the draft decision, to the Chairman of the Board no later than two working days before the Board meeting.

47. The nature of the issue to be considered at the Board meeting must be precisely and clearly formulated. The wording of the draft decision must be precise and consistent with external and internal legal acts.

48. If necessary, materials justifying the need to adopt a relevant Board decision must be added to the draft decision to be submitted.

49. The Chairman of the Board examines the submitted proposals, their supporting documents and makes a decision on including the proposed issue in the agenda of the Board meeting.

50. The director of legal and administrative affairs of the company issues the materials of the Board meeting and the agenda approved by the Chairman of the Board to the Board members no later than one working day before the Board meeting, as well as informs the invited persons about the convened Board meeting

VIII. Recording of the Board Decisions

51. Decisions made at the Board meeting are recorded in the minutes of the Board meeting.

52. The protocol of the Board meeting states:

52.1. Public Company;

52.2. place and time of the Board meeting;

52.3. Board members and invited persons;

52.4. agenda items;

53. The minutes of the Board meetings are signed by the Chairman of the Board, a Member of the Board and the minute-taker. If one of the Board members has objections to the content of the minutes

of the Board meeting, the minutes must be signed with notes.

54. In some cases, the decisions made at the Board meeting can be additionally formalized in the form of a Board decision signed by the Chairman of the Board and a Member of the Board.

55. Decisions made at the Board meeting enter into force on the day of their adoption, unless otherwise specified in the minutes of the Board meeting.

56. The minutes of the Board meeting are recorded and the responsible persons specified in the minutes of the Board meeting are informed about the assigned tasks within five working days.

57. The originals of the minutes and decisions of the Board meetings with their materials are stored in the Legal and Administrative Affairs Department of the Company until they are transferred to the archive in accordance with the procedure specified in legal acts.

IX. Control of the Execution of the Board Decisions

58. The persons specified in the decision are responsible for the execution of the task mentioned in the decision of the Board, who submit a report on the execution of the decision to the Board within the terms specified in the decision.

59. The decisions of the Board are binding on the Board members, as well as all managers and employees of the Company's structural units.

60. The Chairman of the Board ensures the control of the execution of the decisions of the Board.

X. Preparation of Documents and Submission to the Council

61. At the request of the council, any information to be submitted to the council is carefully evaluated by the Company's Board, taking into account compliance with the requirements of independence set forth in the Railway Law, the provisions of the Commercial Law and other external and internal legal norms.

62. When submitting to the Council the Company's report on the state of the Company and when the Council familiarizes itself with all the activities of the Board, the Board of the Company submits the necessary information, observing the prohibition to publicly or in any other way disclose news or other information of limited availability related to the performance of its functions, which has become known about the manager of the public railway infrastructure, which does not perform the essential functions of the manager, or the activities of the applicants, including commercial activities. Accordingly, the Board of the Company indicates what information cannot be issued, in compliance with the obligation to ensure the confidentiality of data and the confidentiality of the commercial information that it has received from the undertakings (applicants) and the controlling company in the course of performing its functions.

63. The company, when submitting information containing a commercial secret to the council, indicates that the information contains a commercial secret, with the understanding that disclosure, distribution or modification of the content of the shipment is prohibited and may be considered an illegal act, unless otherwise provided.

64. All types of communication between the Company and the Council shall be carried out only within the framework of official communication. An e-mail address assigned by the Company, a separate work environment on the Company's server is considered the official means of communication.

XI. Control of the Execution of the Council Decisions

65. If the decision made by the council is to be published on the Company's website in accordance with the regulations and it is indicated in the council's decision, the Company publishes it within one working day.

66. The execution of the Council's decisions is ensured by the Company's Board or persons assigned to do so by the Council's decision. At each regular Council meeting, the Board of the Company presents a report on the execution of the tasks given in the decisions of the Council.

XII. Final Provisions

67. To recognize as invalid on July 14, 2022 the Company's Regulations of April 14, 2021 No. JALP-7.3/02-2021 "Regulations of the Board of the joint-stock company "LatRailNet".

68. These Regulations enter into force on July 14, 2022.

The document contains a timestamp and is signed with a secure electronic signature by:

AS "LatRailNet" Chairman of the Board J. Hudenko - see certificate

AS "LatRailNet" Member of the Board G. Lapiņš - see certificate

Šulcs 20297729