

Riga, July 9, 2020

**REPORT OF
THE SUPERVISORY COUNCIL
JOINT STOCK COMPANY "VEF"**

**TO ANNUAL SHAREHOLDERS 'MEETING
TO BE HELD ON JULY 27, 2020**

During the reporting year the Supervisory Council carried out supervision of the company's Management Board according to the Commercial law and the Articles of Association of the company, several meetings of the Supervisory Council were held where reports on the company's situation prepared by the Management Board were reviewed.

The Supervisory Council is in a opinion that the annual report of joint stock company "VEF" for 2019 has been prepared in accordance with the Law on Annual Reports and Consolidated Annual Reports and requirements of other regulatory enactments. The Supervisory Council recommends shareholders to approve the annual report and vote 'for' the proposal of the Management Board for the use of the profit. Also, the Supervisory Council recommends to vote "for" the sworn auditor selected by the Management Board for provision of audit services for the joint stock company "VEF" for the next reporting year. The Supervisory Council has also reviewed and accepted the Corporate Governance Report of the joint stock company "VEF" for 2019.

The Supervisory Council evaluates the company's operations in the reporting year positively. The Management Board has performed its duties in accordance with the requirements of regulatory enactments, ensuring the protection of shareholders' interests. As a result of the activities of the Management Board, the financial position of the Company has remained stable, but it should be taken into account that in 2020 the Covid-19 pandemic may have a significant impact on the Company's operations.

Pursuant to the decision of the shareholders' meeting of the joint stock company "VEF", during the reporting period the Council has performed the tasks of the Audit Committee specified in the Financial Instruments Market Law, including:

- 1) supervised the work of the Management Board in the preparation of the financial report of the joint stock company "VEF";
- 2) supervised the efficiency of the operation of the internal control and risk management system established and implemented by the Management Board of the joint stock company "VEF";
- 3) supervised the process of the audit of the annual report of the joint stock company "VEF" specified by the law and elimination of the deficiencies established as a result of the audit;
- 4) supports and recommends the sworn auditors selected by the Management Board for the provision of audit services in the joint stock company "VEF" for the next reporting year;
- 5) has verified and supervised the independence of the sworn auditor of the joint stock company "VEF" within the meaning defined in the "Law on Audit Services".

Chairman of the Supervisory Council

Guntis Lipiņš