

○ CLEANR GRUPA

CORPORATE GOVERNANCE STATEMENT



ABOUT THE JOINT STOCK COMPANY

The joint stock company AS CleanR Grupa (hereinafter CleanR Grupa, the Group) is a private company with 100% Latvian capital. Its operating activity comprises management of long-term financial investments (NACE 64.20. Activities of holding companies, 64.99. Other financial service activities, except insurance and pension funding).

The CleanR Grupa majority shareholder is SIA TAK Capital 94%.

The true beneficiary of CleanR Grupa is Guntars Kokorevičs.

CLEANR GRUPA MANAGEMENT

CleanR Grupa is managed by **the shareholders' meeting, the council,** and **the board.** According to the Articles of Association, Regulations, and the Latvian Commercial Law, each of the bodies has their own duties and powers.

Shareholders' meeting

A shareholders' meeting is convened in the cases and following the procedure prescribed by the Latvian Commercial Law. In case of need, extraordinary shareholders' meetings are convened.

The shareholders:

- Appoint and recall council members, determine their remuneration.
- Approve amendments to the Articles of Association, rule on reorganization.
- Rule on the changes in the company's equity capital.
- Approve the Group's annual report and decide on the use of the previous year's profit.
- Appoint an auditor.

The supervisory council

The council consists of three council members, one of whom is the independent member. Council meetings take place according to a meeting schedule approved at the start of the year but no less than

once a month. The council takes decisions by majority vote. If case of need, extraordinary council meetings are convened. As at the date of publishing this statement, the council does not have any committees.

The council:

- Approves the Group's operational and sustainability strategies, supervises their implementation.
- Reviews and approves the operating budget and supervises its execution.
- Supervises the board.
- Supervises the internal audit.
- Appoints and recalls board members, determine their remuneration.
- Approves the general operational principles.
- Reviews questions for which, according to the Articles of Association, the Group's board requires a prior approval from the council.
- Makes sure that the company operates according to the relevant laws, Articles of Association, and decisions of the shareholders' meeting.

The management board

The CleanR Grupa board consists of four elected board members. The board members are assigned particular responsibilities and business areas. Each board member has a right to represent the company together with at least one more board member. Board meetings take place once a week, the decisions are taken in line with the restrictions set in the Articles of Association.

The board

- Jointly manages and represents the capital company.
- Makes sure that the operations of the capital company comply with the relevant legislative acts, Articles of Association, the council and shareholder's decisions.
- Manages company assets.
- Performs the shareholder's function at the Group's subsidiary companies.
- Implements the Group's strategic direction, development plans, goals, and policies.
- Ensures execution of the Group's annual budget.

CLEANR GRUPA (HOLDING COMPANY) GOVERNANCE

CleanR Grupa operates Latvia's leading and most seasoned environmental services companies. As at 31 December 2022, the Group (the holding company) comprised 25 capital companies.

CleanR Grupa's governance model is designed to separate strategic and operative management, ensuring ethical, open, and transparent operations and governance free of a conflict of interest. Board and council members are fully aware of what constitutes a conflict of interest and are informed of the steps to be taken in case of a conflict of interest. The basic principles to prevent a conflict of interest are set out in the Group's [Conflict of Interest Prevention Policy](#).

The Group makes sure that the Group's subsidiary companies operate according to common principles (policies) and corporate decisions taken by the governance bodies.

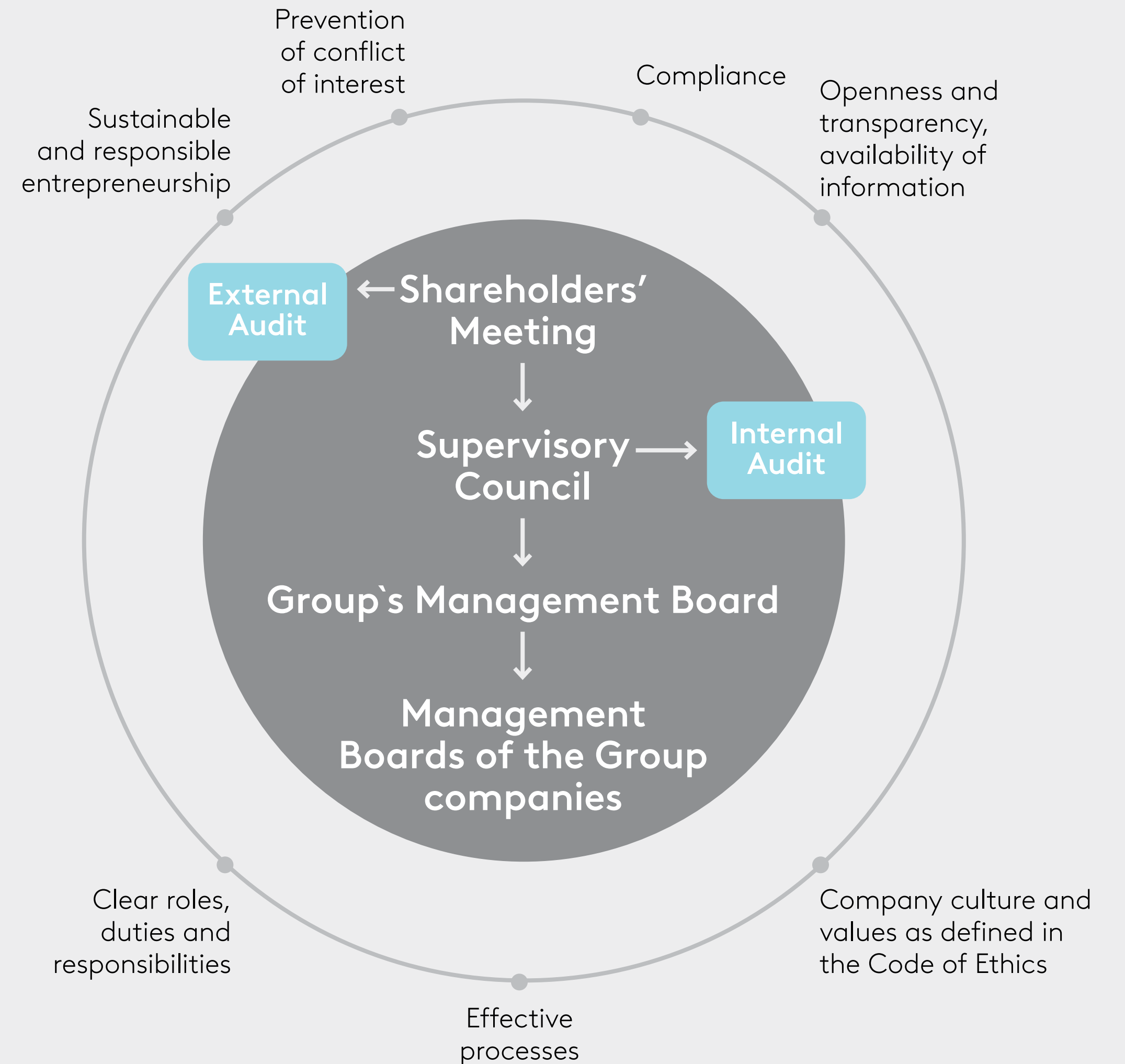
Corporate governance of the companies belonging to CleanR Grupa is carried out by the boards of the Group's companies. Members of the boards are elected by the shareholders' meeting or council, if such exists, of the respective company.

The Group seeks to employ highly qualified managers and specialists in particular business areas, while also ensuring diversity at the different management structures of the Group. Remuneration principles of the Group's board members have been set out in the Group's Remuneration Policy.

Those subsidiary companies of the Group where CleanR Grupa, directly or indirectly, is a majority shareholder and where it exercises full operational and financial control, are managed by setting common Group policies and processes, as well as by devising and approving **common business development strategy for the Group**.

Every year, **corporate goals are set** for the whole Group as well as each subsidiary company, which are in turn incorporated into the individual goals of the board members, according to their responsibility area.

The Group's strategy is worked out by the boards of the Group's companies together with the CleanR Grupa board; it is approved by the CleanR Grupa council.



Key policies and reports

The stakeholders may access information on the Group's management team and corporate governance at cleanrgrupa.lv, the Group's homepage. It contains the Group's key governance principles, up-to-date [policy documents](#) (policies, codes, etc.), and a whistleblowing channel.

The homepage also contains the Group's consolidated interim and annual [financial statements](#), as well as a [sustainability report](#).

Internal controls, risk management and audit

The Group employs an independent internal auditor subjected to the CleanR Grupa council, whose task is to provide independent, unbiased advice and assurance with an aim to improve the Group's operations and increase its value. Internal audit helps the Group to achieve its goals by introducing a systematic and disciplined approach to risk management, controls, and corporate governance processes with an aim to assess and improve their efficiency.

Internal audits are based on the principles described in the [Internal Audit Policy](#) and the CleanR Grupa annual audit plan approved by the council. Internal audit reports are regularly submitted to the CleanR Grupa board and council. No less than once a year, the Group's council is provided with a general overview of the Group's internal controls and risk management system and suggestions for its improvement.

Identification and management of risks and opportunities at the CleanR Grupa companies is at the basis of both strategic planning and daily operational processes. It takes place according to the [Group's Risk Management Policy](#), with an aim to mitigate potential losses or damage to the Group's reputation. Risk management at the Group level is overseen by the CleanR Grupa council, while the implementation is ensured by the boards of the Group's companies. The boards of the CleanR Grupa companies appoint a risk owner for a risk or risk type, who is responsible for efficient risk management.

External auditor

An external auditor for the Group's companies and the Group itself is selected before the end of the current fiscal year by conducting a price survey and via the most economically advantageous tender procedure, evaluating both the price and qualifications of the involved personnel. The Group's external auditor is appointed by the shareholders' meeting.

The information included in this statement is also found in the CleanR Grupa Consolidated Annual and Sustainability Report for 2022 and the CleanR Grupa Sustainability Report for 2022.

Information updated in October 2023

Contact details:



Agita Baltbārde, Member of the Group Board

✉ agita.baltbarde@cleanrgrupa.lv