

○ CLEANR  
GRUPA

**Corporate  
governance  
statement 2023**



## ABOUT THE JOINT STOCK COMPANY

AS "CleanR Grupa",  
Reg. No. 40103799972,  
legal and office address:  
Vietaļvas iela 5, Rīga, LV-1009, Latvia.

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 shareholders include SIA "TAK Capital" 94% and Harijs Krongorns 6%. 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.

### The 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 appointed for a term of two years. The rest of the council members are elected for an indefinite term. Council meetings take place according to an approved meeting schedule but no less than once a month. The council takes decisions by majority vote. If case of need, extraordinary council meetings are convened. Over the term of the report, nine council meetings were held. The council does not have any committees.

#### The council:

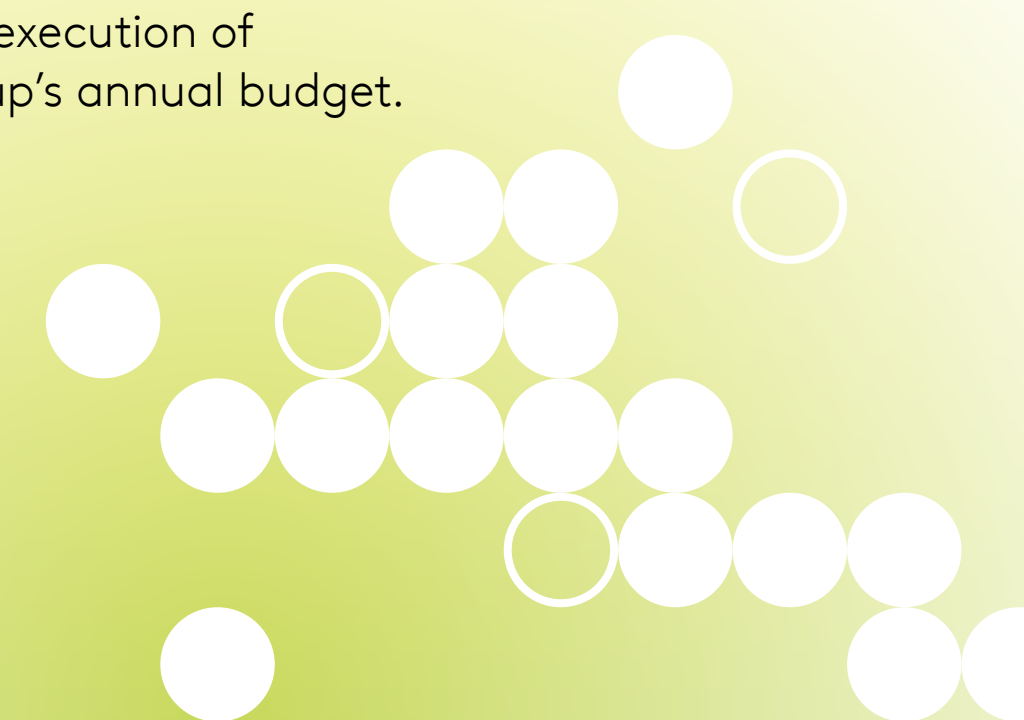
- approves the Group's operational and sustainability strategies, supervises their implementation;
- reviews and approves the operating budget and supervises its execution;
- supervises the board;
- supervises the internal audit;
- appoints and recalls board members, determines their remuneration;
- 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. Over the term of the report, thirty-nine board meetings were held.

#### 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 a member's functions 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.

### Corporate culture and ethics

The Group makes sure its governance is carried out according to best practice, including the corporate governance recommendations contained in the Corporate Governance Code approved by the Advisory Board for Corporate Governance at the Ministry of Justice of the Republic of Latvia.

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 basic values of the Group's business conduct and corporate culture are enshrined in the Group's Code of Professional Conduct. The Group pursues the following principles in its operations and deals at all times: openness, integrity, loyalty, fairness, confidentiality, and professionalism.

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. Board members are elected for a definite term. 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.

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. Basic remuneration principles of the board members of the Group companies have been set out in the Group's Remuneration Policy.

### Strategy and operating principles, transparency

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

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

The Group, regularly and in a timely manner, informs its shareholders, investors, and other stakeholders of the company's operations, financial and non-financial results, governance, and other relevant questions. 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 the aim to improve the Group's operations and increase its value. The 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 the aim to assess and improve their efficiency.

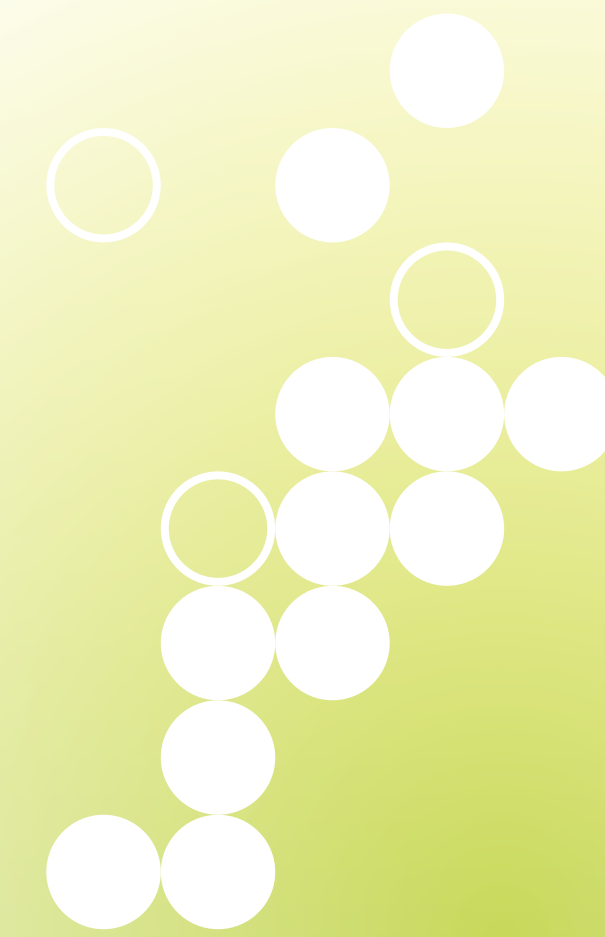
Internal audits are based on the principles described in the Internal Audit Policy and the CleanR Grupa annual audit plan, which is approved by the Group's council. Internal audit reports are regularly submitted to the CleanR Grupa board and council. No less than once a year, the Group's council is provided 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

the 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 implementation of all the planned risk management activities.

### External auditor

An external auditor for the Group 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 Group has selected Grant Thornton Baltic Audit SIA, license No. 183, as the external auditor for the Group's consolidated annual report of 2023.



### Contact details:

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www.cleanrgrupa.lv