

**APPROVED**

Eco Baltia AS  
19.11.2024 at the meeting of the Management Board  
(Minutes No 30/2024)

Eco Baltia AS  
27.11.2024. at the meeting of the Supervisory Board  
(Minutes No 43/2024)

**POLICY ON THE SELECTION, NOMINATION, EVALUATION AND RESPONSIBILITY  
OF MANAGEMENT BOARD MEMBERS**

**1. INTRODUCTION**

- 1.1. The Policy on Selection, Election, Evaluation and Responsibility of the Members of the Management Board (hereinafter referred to as the "Policy") applies to all companies of the Eco Baltia Group (hereinafter referred to as the "Group") and is binding to all Group companies, their shareholders which are Group companies, and the members of the Supervisory Board and the Management Board.
- 1.2. In the case of companies in which the Group companies do not exercise direct decisive control, the Group companies shall apply the provisions of this Policy in accordance with the rights conferred by the level of voting rights.
- 1.3. Group companies in other jurisdictions where the Board performs a function equivalent to a Supervisory Board shall be subject to the provisions of this Policy to the extent that they are applicable in that jurisdiction.
- 1.4. The purpose of the Policy is to establish common principles for the selection, nomination, performance evaluation and responsibilities of the members of the Management Board of Group companies, promoting ethical, responsible and transparent corporate governance practices for fair and professional business conduct.

**2. SELECTION AND NOMINATION PROCEDURES AND CRITERIA FOR MEMBERS OF  
THE MANAGEMENT BOARD**

- 2.1. The number of members of the Management Board, their term of office, limitations on representation, rights and obligations are set out in the Articles of Association of each Group company.
- 2.2. The selection and nomination of members of the Management Board shall comply with the provisions of the Commercial Code of the Republic of Latvia or laws and regulations in force in other countries, the provisions of other applicable laws and regulations, internal by-laws and regulations of the Group and the Company, as well as the provisions of Shareholders' agreements.
- 2.3. The composition of the Management Board is designed to ensure all the necessary skills and competencies, including those in the relevant industry, for the good governance of the Group's business, the achievement of strategic, business and financial goals, as well as a professional and independent attitude in evaluating and making decisions.
- 2.4. The following criteria must be met when selecting the members of the Management Board:
  - 2.4.1. Relevant education;
  - 2.4.2. Experience;
  - 2.4.3. The skills and knowledge necessary to achieve short- and long-term business goals;

- 2.4.4. Responsibility for managing various key functions/business areas of the Group;
- 2.4.5. Diversity, with both genders represented wherever possible.
- 2.5. Preference is given to experienced managers of key functions/operating areas of the Group company, with an offer of nomination to the Management Board.
- 2.6. The recruitment process for management-level vacancies may involve the head of the company's HR department and the services of recruitment companies.
- 2.7. Candidates are selected in accordance with the Group's relevant recruitment procedures.
- 2.8. The selection of candidates is carried out by the HR Manager together with the Sector Manager or the Chairman of the Management Board of Eco Baltia AS.
- 2.9. The appointment and remuneration of the members of the Management Board and the Chairmen of the Management Board shall be decided by the relevant Supervisory Board in accordance with the provisions of the Group Company's Articles of Association, subject to the following criteria for determining remuneration:
  - 2.9.1. Remuneration is in line with the Management Board member's performance, level of responsibility;
  - 2.9.2. Remuneration must be motivating to achieve the company's objectives;
  - 2.9.3. Pay consistency and fairness across the Group;
  - 2.9.4. Wage competitiveness in the labour market.
- 2.10. Bonus schemes for members of the Management Board are determined and other benefits are granted in accordance with internal laws and regulations and decisions of the relevant Supervisory Board.
- 2.11. Members of the Management Board shall be bound by a Management Board Member's Agreement using the model agreement form approved by the Supervisory Board of Eco Baltia AS and/or an employment contract in accordance with the provisions of the laws and regulations of the relevant jurisdiction.

### **3. PROCEDURE FOR THE EVALUATION OF THE MEMBERS OF THE MANAGEMENT BOARD**

- 3.1. Every member of the Management Board of Group companies is expected to be committed to the success of the company and the Group's objectives. This includes independent awareness of the duties to be performed and initiative in the functions assigned to them.
- 3.2. The performance of Management Board members is assessed in accordance with the Group's Performance Management Procedures, assessing the achievement of the short- and long-term goals of the Company and the objectives set for the individual Management Board member, as well as the relevance of the Management Board member's competencies to the position and personal development.
- 3.3. In accordance with internal procedures, performance is assessed through annual interviews, various tests and evaluations, such as the 360-degree assessment, daily discussions with the direct manager.
- 3.4. The relevant Supervisory Board assesses the performance of the members of the Management Board by regularly reviewing the company's results, trends, aspects of corporate governance and may dismiss a member from office at any time in the event of unsatisfactory performance or misconduct.

### **4. RESPONSIBILITIES OF THE MEMBERS OF THE MANAGEMENT BOARD**

- 4.1. The Management Board manages and leads the company's business activities, is responsible for proper accounting and represents the company in relations with third parties.

- 4.2. A Management Board member must carry out his or her duties as a respectable and accurate manager.
- 4.3. The members of the Management Board shall comply in their activities with the provisions of the Commercial Code or relevant laws and regulations of other countries, with the provisions of other laws and regulations, with internal corporate and Group-level by-laws and regulations, resolutions of the shareholders and the Supervisory Board and with the provisions of shareholders' agreements concluded between shareholders.
- 4.4. Management Board members are accountable for their actions in accordance with the law and the contracts they have with the company.
- 4.5. According to the Latvian Commercial Code, the members of the Management Board are jointly and severally liable for losses caused to the company by their failure to act as a respectable and accurate manager.
- 4.6. The principles and organisation of the work of the Management Board shall be laid down in the Articles of Association and, if adopted, in the Regulations of the Management Board.
- 4.7. The Management board runs the company jointly. The members of the Management board have the right to represent the company together with one other member. The right to take independent decisions may be delegated by issuing a procura or a power of attorney to one of the Management board members to represent the company solely to a certain extent.
- 4.8. The Company's Articles of Association or internal laws and regulations may limit the amount or the range of matters for which the members of the Management Board must obtain the consent of the relevant Supervisory Board.
- 4.9. Since the Management Board, as the executive body, exercises its functions by representing and managing the company:
  - 4.9.1. The Management Board's **representative** function means that the Management Board has the power to execute transactions on behalf of the company, including the drafting and conclusion of agreements with third parties, the conclusion of employment contracts with employees and the termination of employment contracts with employees, etc. The Management board exercises its representative function, for example, by two members of the Management board jointly representing the company.
  - 4.9.2. **The management** function of the Management Board means that the Management Board exercises the organisational and administrative management of the company without direct influence on third parties. Where a company has several members of the Management, the management function of the Management board shall be exercised by organising joint meetings of the Management board, ensuring the quorum required by law.
- 4.10. The collective decisions of the Management Board shall be recorded in the minutes of the Management Board meeting. If a Management Board member disagrees with a decision of the other Management Board members, his or her individual thoughts shall be recorded in the minutes of the Management Board meeting.
- 4.11. The Management Board organises its work on a functional basis: each Management Board member is responsible for a specific area of activity, according to his or her professional knowledge, experience and competence in that area of responsibility. The functional units led by Management Board member are reflected in structural scheme of the company.
- 4.12. The members of the Management Board shall comply with the restrictions on transactions with related parties and the prohibition of competition laid down in the Commercial Code or in the relevant laws and regulations of other countries.
- 4.13. Members of the Management Board shall not participate in decisions on matters where the interests of the company conflict with the interests of the members of the Management Board or persons related to them.

## 5. OTHER ISSUES.

- 5.1. The owner of the procedure is the Chairman of the Management Board of Eco Baltia AS.
- 5.2. The procedure shall be reviewed at least every three years or as soon it is necessary according substantial changes in the scope of the policy.
- 5.3. The revision of the Procedure is the responsibility of the Group Management Board, changes are reviewed and approved by the Supervisory Board.