



Joint stock company
‘Siguldas ciltslietu un mākslīgās apsēklošanas stacija’

CORPORATE GOVERNANCE REPORT
FOR 2025

SIGULDA
2026

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INTRODUCTION

The Corporate Governance Report for 2025 of the Joint Stock Company 'Siguldas ciltslietu un mākslīgās apsēklošanas stacija' (hereinafter – the Company) has been prepared in accordance with the Corporate Governance Code developed by the Corporate Governance Advisory Board in December 2025.

The corporate governance report has been prepared by the Company's Management Board and reviewed by the Company's Supervisory Board. The corporate governance report is audited by a sworn auditor and is reviewed and approved by the shareholders' meeting together with other components of the annual report.

The Corporate Governance Report is published simultaneously with the audited annual report of the Company as a separate component of the annual report in Latvian and English on the Company's website: <https://www.sigmas.lv>, in the section 'For Investors', as well as on the Nasdaq Riga website: <https://www.nasdaqbaltic.com>.

Nils Ivars Feodorovs
Chairman of the
Management Board

Sarmīte Arcimoviča
Member of the
Management Board

Valda Mālniece
Member of the
Management Board

March 20, 2026

COMPANY STRATEGY

PRINCIPLE No. 1

The company has an up-to-date strategy that sets out the company's objectives and progress towards long-term value creation

Criteria

- **The company has an up-to-date strategy, the draft of which is developed by the management board.**
- **The supervisory board is involved in the strategy development process and approves the strategy at the supervisory board meeting.**
- **The supervisory board monitors the implementation of the strategy.**
- **The company management board implements the strategy and reports to the supervisory board on its implementation on a regular basis.**

● The Company has partially deviated from this principle. The Management Board and the Supervisory Board have not agreed on the development of the strategy and the documents subordinate to it for the implementation of the strategy. In 2025 the Management Board has agreed with the Supervisory Board on all significant strategic decisions for the Company's long-term value growth, as well as reported on the implementation of the strategy.

INTERNAL CULTURE AND ETHICAL BEHAVIOUR

PRINCIPLE No. 2

The company develops an internal culture and ethics code which serves as a standard of conduct for the company's management and employees

Criteria

- **The supervisory board defines the company's core values.**
- **The management board prepares and the supervisory board approves a policy that includes internal culture and principles of ethical behavior.**
- **The management board ensures compliance with the internal culture and principles of ethical behavior in the company's daily operations and responds if their violation is detected.**

● The Company has partially deviated from this principle. The Company has not developed an internal culture and ethical behavior policy, but The Rules of Procedure, developed by the Company, include guidelines for employees in their daily dealings with colleagues, customers and business partners. They are easily accessible to everyone employed by the Company.

INTERNAL CONTROL SYSTEM, RISK MANAGEMENT AND INTERNAL AUDIT

PRINCIPLE No. 3

The company has an internal control system, the effectiveness of which is monitored by the supervisory board

Criteria

- **The company has a documented internal control system, the establishment of which is the responsibility of the management board.**
- **The internal auditor assesses the effectiveness of the internal control system using a risk-based approach and reports the results of the assessment to the supervisory board.**
- **The supervisory board evaluates the assessment of the effectiveness of the internal control system.**

- The Company adheres to this principle. The Company has developed and operates a quality management system, the establishment of which is the responsibility of the Management Board. The Company's internal inspection is performed once a year through the audit mechanism of the integrated quality management system, which covers all areas of the Company. As a result of this audit, corrective actions are being developed to eliminate non-compliances and implement improvements.

PRINCIPLE No. 4

The company identifies, assesses and monitors the risks associated with its operations

Criteria

- **The management board develops and the supervisory board approves the company's risk management policy.**
- **The management board develops and the supervisory board approves the material risk appetite – the risks that the company is willing to take to achieve its operational objectives.**
- **Based on the identified risk assessment, the management board implements risk management measures**
- **At least once a year, the supervisory board reviews the management board's reports on risk management measures and the implementation of risk management policy.**

- The Company does not have a risk management policy, but the Management Board ensures that any strategic decision-making process assesses the associated risk and implements risk management measures. The Management Board informs the Supervisory Board about risks affecting the company's operations and their management measures.

PRINCIPLE No. 5

The company has an internal auditor who independently and objectively evaluates the company's operations.

Criteria

- **The company has an internal auditor (structural unit or specialist) who is functionally independent of the management board and reports to the supervisory board.**
- **The internal auditor is appointed and dismissed by the supervisory board.**
- **The internal auditor develops and implements a risk-based internal audit strategy and plan, which is approved by the supervisory board.**
- **The internal auditor informs the management board and supervisory board about the internal audit work, the implementation of the strategy and plan, the audit results and the recommended actions to eliminate deficiencies, if any are identified.**

- The Company has deviated from this principle. The Company does not have an internal auditor, which is approved by the Supervisory Board, but a quality management system has been developed and is operational.

EXTERNAL AUDITOR

PRINCIPLE No. 6

The company has an independent external auditor

Criteria

- **The supervisory board and the audit committee, if established, determines the criteria for selecting the external auditor.**
- **The company has an independent external auditor with appropriate qualifications.**
- **The term of office of one external auditor does not exceed five years, thus ensuring rotation of auditor representatives.**

- The Company adheres to this principle. In the Company, the Supervisory Board performs the functions of the audit committee, incl. nominating the external auditor. At the regular shareholders' meeting of April 25, 2025, the sworn auditor Olga Kuzmiča, SIA 'Oriens Audit & Finance', was elected for the fifth year of office to audit the 2025 annual report.

ELECTION OF SUPERVISORY BOARD MEMBERS

PRINCIPLE No. 7

The company ensures transparent procedures for the election and removal of supervisory board members

Criteria

- **The company has approved the procedure for selection and removal of supervisory board members.**

- **The company provides timely and sufficient information to the company's shareholders on the supervisory board members who are nominated for election or re-election.**
- **The size of the supervisory board corresponds to the specifics of the company's operations.**
- **A supervisory board member is elected for a term not exceeding 5 years.**

● The Company has partially deviated from this principle. The procedure for selection and removal of Supervisory Board members has not been approved by the Company. Information about the members of the Supervisory Board who are nominated for election, as well as a short professional biography of these persons shall be published in the draft resolutions of the regular shareholders' meeting not later than 14 days before the meeting. The Supervisory Board is elected by five people for three years. A short professional biography of the members of the Supervisory Board is available on the Company's website: <https://www.sigmas.lv>, in the section 'For Investors', as well as on the website of the Nasdaq Riga Stock Exchange: <https://www.nasdaqbaltic.com>.

PRINCIPLE No. 8

Supervisory board members combined have relevant experience and competence

Criteria

- **The supervisory board as a whole possesses the skills, experience and knowledge, including in the relevant sector, to be able to fully fulfill its duties.**
- **The principles of diversity are observed when forming the supervisory board.**
- **Both sexes are represented in the supervisory board.**
- **The management board develops an induction training programme and provides new supervisory board members with induction training.**

● The Company has partially deviated from this principle. The Supervisory Board has general experience and knowledge in the Company's core business. On 21 April 2023, three women and two men were elected to the Supervisory Board. The Management Board does not develop an introductory training program and does not train new members of the Supervisory Board - it is performed by the existing members of the Supervisory Board, who are re-elected for the next term.

PRINCIPLE No. 9

The company's supervisory board has independent supervisory board members

Criteria

- **The company evaluates and the shareholders determine the proportion of independent supervisory board members.**
- **At least half of the members of the board are independent.**
- **Candidates for independent supervisory board members submit a certificate of their compliance with the independence criteria, and a supervisory board member is obliged to inform about changes in independence status during the term of office.**

- **Prior to the election of the supervisory board, the company evaluates the independence of supervisory board members in accordance with the available information.**

● The Company has deviated from this principle. None of the members of the Supervisory Board elected on 21 April 2023 can be considered independent. In 2024, two of them, in addition to the remuneration of the Supervisory Board, received a basic salary from the Company, one provided veterinary medical services to the Company. Three of them indirectly represent the Company's largest shareholder, which was founded by the Company's employees at the time.

PRINCIPLES OF DETERMINING THE REMUNERATION FOR THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD

PRINCIPLE No. 10

The company has introduced a remuneration policy

Criteria

- **The company has introduced a remuneration policy, which has been developed by the management board, reviewed by the supervisory board and approved by the shareholders' meeting.**
- **The supervisory board annually sets the financial and sustainability targets to be achieved by the management board, including each management board member, and their impact on the variable part of the remuneration, and monitors their implementation.**
- **No variable part of remuneration is determined for supervisory board members, and no compensation is paid in case of removal or resignation from office.**
- **The management board shall prepare an annual report on the remuneration awarded or paid to each current and former member of the management board and supervisory board.**

● The Company adheres to this principle. The Company has developed a remuneration policy for the members of the Management Board and the Supervisory Board, which was approved at the regular shareholders' meeting on April 26, 2024. During the reporting year the Supervisory Board did not set financial and sustainability targets to be achieved by the Management Board. The remuneration policy and report are published on the Company's website: <https://www.sigmas.lv>, in the section 'For Investors', as well as on the website of the Nasdaq Riga Stock Exchange: <https://www.nasdaqbaltic.com>.

ORGANISATION OF THE SUPERVISORY BOARD'S WORK AND DECISION MAKING

PRINCIPLE No. 11

The company's supervisory board work organisation is clear and understandable

Criteria

- **The supervisory board organises its work in accordance with regulations of the supervisory board and the work calendar.**

- **The supervisory board holds at least one separate supervisory board meeting per year to discuss the company's strategy and its implementation.**
- **The company's budget provides for reasonable funding necessary to ensure the functioning of the supervisory board.**
- **Once a year the supervisory board conducts a self-assessment of the work of the supervisory board and reviews its results at the supervisory board meeting.**
- **The supervisory board annually assesses whether its composition has appropriate experience and competence, including whether it has sufficient capacity and complies with the principles of diversity.**
- **The supervisory board has evaluated the need to set up committees (if a committee has been set up, see principle No. 12.1.).**

● The Company adheres to this principle. At the meeting of the Supervisory Board of the Company on February 27, 2009, the Regulations of the Supervisory Board were approved, and they are published on the Company's website: <https://www.sigmas.lv>, in the section 'For Investors'. The Supervisory Board meets at least once a quarter. The Management Board provides the technical and financial support necessary for the work of the Supervisory Board. Due to the small size of the Company, there is no need to establish supervisory board committees.

PRINCIPLE No. 12

The supervisory board takes informed and well-balanced decisions

Criteria

- **The supervisory board has access to information prepared by the management board necessary for decision-making in a timely manner and in sufficient amount.**
- **The supervisory board determines the procedure for the circulation of information, including the right of the supervisory board to request from the management board information, which the supervisory board needs to make decisions.**
- **A supervisory board member analyses the information and prepares proposals for decisions to be adopted by the supervisory board.**
- **When making decisions, the supervisory board assesses the risks, short-term and long-term impact on the company's value, sustainability and responsible development.**

● The Company adheres to this principle.

PRINCIPLE No. 12.1

A committee prepares proposals for supervisory board decision making

Criteria

- **The supervisory board determines the tasks and the procedures for organisation of work of the committee.**
- **The supervisory board establishes a committee consisting of at least three supervisory board members who have appropriate experience and**

knowledge in the specified field of activity of the committee (remuneration, nomination, audit or other field).

- **The committee analyses the information and makes proposals for decisions by the supervisory board, as well as informs the supervisory board of the work of the committee.**

- The Company has deviated from this principle. Due to the small size of the Company, no Supervisory Board committee is established.

PREVENTION OF THE CONFLICT OF INTERESTS

PRINCIPLE No. 13

Management board and supervisory board members are clearly aware of the manifestations of conflicts of interest and are informed of the action to be taken in the event of a conflict of interest

Criteria

- **The supervisory board defines the indications of a conflict of interest and identifies the conflict of interest prevention and management procedures.**
- **Supervisory board or management board members do not participate in decision-making on matters in which the company's interests conflict with the interests of the supervisory board, management board members or persons related to them.**
- **Persons subject to the conflict of interest obligation participate in training on dealing with conflicts of interest on a regular basis.**

- The Company adheres to this principle.

SHAREHOLDERS' MEETING

PRINCIPLE No. 14

The company provides shareholders with timely information on conduction of shareholders' meetings providing all the information necessary for decision-making

Criteria

- **The company shall inform shareholders in a timely manner about the agenda of the shareholders' meeting, participation options and voting procedures, as well as any changes related to them.**
- **The company provides shareholders with the opportunity to familiarize themselves with draft decisions and accompanying documents in a timely manner, including by using digital tools.**
- **The company provides shareholders with the opportunity to submit questions on the agenda and draft decisions before the shareholders' meeting.**
- **The draft decisions and the documents attached to them provide detailed, clear and complete information on the matter under consideration.**

- The Company adheres to this principle. The regular shareholders' meeting on April 25, 2025 was announced in accordance with the procedures and terms specified in legal acts. Shareholders had the opportunity to get acquainted with the full text of the draft resolution as of April 10, 2025.

PRINCIPLE No. 15

The company promotes effective shareholder involvement in decision-making and a participation in shareholders' meetings

Criteria

- **The company provides shareholders with the opportunity to participate in the shareholders' meeting in person or remotely, taking into account the necessary security and technical measures.**
- **The company determines the appropriate duration of the shareholders' meeting and provides the opportunity for shareholders to express their opinions during the meeting and obtain the information necessary for decision-making.**
- **The company invites management board and supervisory board members, candidates for supervisory board members, auditors and internal auditors, as well as other persons to participate in the shareholders' meeting in accordance with the matters to be considered at the meeting.**
- **The shareholders' meeting makes decisions in accordance with the previously announced draft decision.**

- The Company adheres to this principle.

PRINCIPLE No. 16

The company develops and discusses dividend policy with shareholders

Criteria

- **The company has developed and published an up-to-date dividend policy.**
- **The dividend policy has been discussed with the shareholders during the shareholders' meeting.**

- The Company has deviated from this principle. As the Management Board and the Supervisory Board have not received any proposals from the Company's shareholders regarding the distribution of profits, the Company has not developed a dividend policy. The Management Board is obliged to prepare and submit a profit distribution project to the Supervisory Board for approval before the regular shareholders' meeting. This information is available to shareholders in the published draft resolution of the meeting.

TRANSPARENCY OF COMPANY OPERATIONS

PRINCIPLE No. 17

The company regularly and timely informs shareholders and other interested parties about the company's business operations, financial results, management and other current issues

Criteria

- **The company discloses complete, accurate, objective, up-to-date and true information in a timely manner.**
- **The company provides information to all shareholders simultaneously and in the same volume and for this purpose uses previously agreed means of communication, taking into account both technological capabilities and shareholder needs.**
- **The company discloses information about the company's management, strategy or business directions and publishes financial statements, as well as other information in accordance with Annex No. 1.**
- **The company provides information in both Latvian and at least one other official language of the European Union member states.**

- The Company adheres to this principle. On the Company's website: <https://www.sigmas.lv>, in the section 'For Investors', in Latvian and English, there is available a complete information mentioned in Annex No. 1, with the exception of those essential policies mentioned in Annex 2, which are included in the principles of corporate governance or mentioned in the corporate governance code, but which are not developed by the Company.

MANAGEMENT OF GROUPS OF COMPANIES

PRINCIPLE No. 18

A transparent management system has been established for corporate groups, which ensures the implementation of corporate governance principles in subsidiaries

Criteria

- **Members of the board and council of a subsidiary within a group of companies act primarily in the interests of the subsidiary.**
- **The group of companies has implemented transparent procedures for the implementation of group-level strategy, financial objectives and policies.**
- **The company provides complete and transparent information about its activities within the group of companies.**

- The company has no subsidiaries.

Information to be published on the company website

Company

- ✓ Information about the company – its establishment and operation history, registration data, address, industry characteristics, main types of business activities, the company's place in the group structure (if applicable).
- ✓ Information on the company's strategic goals.
- ✓ Articles of association of the company.
- ✓ Information on the company's corporate governance structure (interaction between the shareholders'/members' meeting, the supervisory board, its committees, the management board, the auditor, the internal auditor, the audit committee, etc.).
- ✓ The company's Internal Culture and Code of Ethical Conduct.
- ✓ Information on the company's compliance with current standards of good business practice (for example, in the field of sustainability, environment, information technology).
- ✓ The most important company policies (listed in Annex No. 2 and/or other policies).

Shareholders and beneficial owners

- ✓ Information on the company's shareholders holding at least 5% of the company's share capital (indicating the date on which this information was prepared).
- ✓ Information on the beneficial owners of the company (indicating the date when this information was prepared).
- ✓ Number of company's issued, paid-up and voting shares, bonds or other financial instruments.

Supervisory board and management board

- ✓ Management board and supervisory board structure.
- ✓ Information on each supervisory board and management board member:
 - term of office
 - position and area of responsibility (if specified)
 - professional work experience and education
 - up-to-date information on positions in other companies
 - up-to-date information on the company's shares
 - statistics on attendance of supervisory board meetings.
- ✓ Information on independent supervisory board members:
 - which supervisory board members are considered independent
 - according to what criteria the independence of a supervisory board member is determined.
- ✓ Remuneration policy of the management board and the supervisory board and remuneration report.
- ✓ Procedure for the selection and recall of members of the supervisory board and management board approved by the company.
- ✓ Information on supervisory board committees and the audit committee:
 - committee regulations
 - information on committee members.

Financial and sustainability reports and information

- ✓ Company financial statements and reports for at least the last three financial years:
- annual reports (including consolidated reports, if any) and auditor's reports (if any)
- interim reports and quarterly reports.
 - ✓ Company sustainability reports for at least the last three financial years, if available.
 - ✓ Corporate governance reports for at least the last three financial years, if any.
 - ✓ Company's financial calendar or other calendar of significant and planned communication events.

Information for shareholders and investors

- ✓ Information on the planned shareholders' meetings:
 - notices of convening shareholder meetings
 - draft decisions.
- ✓ Information on held shareholders' meetings:
 - information on the decisions adopted at the shareholders' meetings.
- ✓ Company's dividend policy and information on dividends paid (on at least 10 last years of the company's operations).
- ✓ Information on transactions of related parties.
- ✓ Company-published announcements and material information for investors, including presentations for investors, video recordings of investor events, forecasts, if any, announcements about mergers or acquisitions, etc.
- ✓ Responsible for communicating with the company (e.g. investor relations specialist).

Key company policies

Key policies included in corporate governance principles or criteria:

Risk Management Policy
Remuneration Policy
Dividend Policy
Internal Culture and Ethical Conduct Policy
Board and Council Selection Policy
Conflict of Interest Prevention Policy

Other key policies mentioned in the corporate governance code:

Internal Control and Audit Policy
Information Management and Security Policy
Whistleblowing Policy
Fair Competition Implementation Policy
Diversity Policy
Sustainability Policy
Crisis Management and Business Continuity Policy

Key Compliance Policies:

Business Partner Due Diligence Policy
Sanctions Risk Management Policy
Personal Data Processing Policy