



# **Corporate Governance Report 2017**

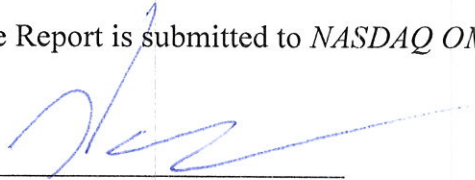
**Bauska, 2018**

*Baltic Dairy Board Ltd.* Corporate Governance Report 2017 has been prepared, responding to the requirements of Article 56.1 and 56.2 of the Financial Instruments Market Law, and on the basis of *Corporate Governance Principles and Recommendations on their Implementation*, issued in year 2010 by JSC Riga Stock Exchange.

The report has been prepared by the Management Board of *Baltic Dairy Board Ltd.* and reviewed by the Council of *Baltic Dairy Board Ltd.*

Corporate Governance principles were adjusted to the operation of *Baltic Dairy Board Ltd.*, and, in 2017, *Baltic Dairy Board Ltd.* has complied with most of them.

The Report is submitted to *NASDAQ OMX Riga*.



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Kaspars Kazāks,  
Chairman of the  
Board according to  
the mandate

Bauska, 26 April, 2017

## BALTIC DAIRY BOARD LTD. SHAREHOLDERS, MANAGEMENT BOARD AND THE COUNCIL

*Shareholders of BALTIC DAIRY BOARD LTD.:*

- **Kaspars Kazāks**, who owns 396 666 shares or 51% of the company's equity capital paid;
- **Ilona Kazāka**, who owns 155 556 shares or 20% of the company's equity capital paid;
- **Sergey Regukh**, who owns 73 889 shares or 9.5% of the company's equity capital paid;
- **Anastasia Regukh**, who owns 73 889 shares or 9.5% of the company's equity capital paid;
- **Limited partnership ZGI-3 alternative investment fund**, reg.no. 40103697947, represented by the Chairman of the Board Normunds Igolnieks, owns 77 778 shares or 10% of the company's equity capital paid;

The Meeting of Shareholders shall have a quorum if attended by shareholders that represent a total of more than 9/10 (nine-tenths) of the Company's voting share capital.

Election of board members, changes in the composition of the Management Board and amendments of the Statutes are governed by the Participant Agreement, concluded on 14 July 2015, and the Company's Statutes.

The Company's Management Board consists of 2 (two) members of the Board who are elected in the position without a time limit. **Kaspars Kazāks** has been appointed as the Chairman of the Company's Board, and **Ilona Kazāka** has been appointed as the Member of the Board.

Board member mandate is defined in accordance with the Participant Agreement, concluded on 14 July 2015.

The Company's Board is authorized to work with JSC *Latvian Central Depository*, for document circulation and endorsement of the accuracy of the documents submitted.

The Company Council consists of 4 (four) members of the Council, where the Chairman of the Council is **Ivars Ķirsons**, Deputy Chairman is **Edvins Samulis** and Council members are **Ivo Līdums** and **Viesturs Neimanis**.

The Council mandate is defined in accordance with the Participant Agreement, concluded on 14 July 2015.

The Company's Audit Committee consists of 3 (three) members of the committee, where the Chairman of the Committee is **Ingura Doble**, members of the committee **Ivo Līdums** and **Edgars Cimermanis**. The powers of the Audit Committee are determined by the Statute of the Audit Committee approved by the Council of the Company on October 20, 2017.

### PRINCIPLES OF GOOD CORPORATE GOVERNANCE, INTERNAL CONTROL AND RISK MANAGEMENT

Internal control and risk management is intended to ensure efficient and successful operation of the Issuer, authenticity of the information provided and compliance with relevant laws and regulations and operating principles. Internal control helps the Board to identify and eliminate potential risks and weaknesses in the management of the Issuer, as well as facilitates effective enforcement of the Council's obligation to monitor the work of the Board.